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ABSTRACT

This document contains teacher's materials for a course designed for 11th- and 12th-grade students who are interested in pursuing a career in financial institutions. The course consists of six instructional units: orientation, personal money management, the wise use of credit, negotiable instruments, communications, and security. Depending on the specific instructional objectives, a combination of the following materials are included for each instructional unit: performance objectives; suggested activities; pretests; information sheets; handouts; transparency masters; assignment sheets; job sheets; practical tests; written tests; and the answers to pretests, written tests, and assignment pages. (CML)

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FINANCIAL SERVICES SERIES

TEACHER EDITION

INTRODUCTION TO FINANCIAL SERVICES

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INTRODUCTION TO FINANCIAL SERVICES

Developed by
Curriculum and Instructional Materials Center
for the division of Business and Office Education
Oklahoma State Department of Vocational and Technical Education
Oklahoma State Board of Vocational and Technical Education

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Table of Contents

Page

Unit I Orientation I-1

Unit II Personal Money Management II-1

Unit III The Wise Use of Credit III-1

Unit IV Negotiable Instruments IV-1

Unit V Communications V-1

Unit VI Security VI-1

FOREWORD

We believe that the single most effective way to improve educational programs is through the development and implementation of a sound instructional materials system. The *Financial Services Series* is designed for 11th and 12th grade students or adults who are interested in pursuing a career in the financial institution field.

The *Introduction to Financial Services* can be utilized as a stand alone course or as a core for the following modules:

Customer Service/Account Representative

New Accounts Representative

Proof Operator

Safe Deposit Representative

Teller Operator

Course content will prepare the student for proficiency in several areas of the computerized office, the partially computerized office, or the office planning to computerize in the future.

We value the *Financial Services Series* as an instructional asset to build program uniformity, set minimum program standards, and provide a basis for teacher and student accountability. It is our belief that the total vocational business and office education program will benefit through the use of the *Financial Services Series.*

Roy Peters, Jr., Director
State Department of Vocational
Technical Education

Janice Huston, State Supervisor
State Department of Vocational
Technical Education

USE OF THIS PUBLICATION

Instructional Units

Introduction to Financial Services includes six intructional units. A standard format was established in 1970 for development of instructional materials for all Oklahoma vocational teachers. This format includes nine basic components that form a unit of instruction: performance objectives, suggested activities for the instructors, information sheets, assignment sheets, job sheets, transparency masters, tests, and answers to tests and assignment sheets. Depending on specific objectives, there may or may not be transparency masters, assignment sheets, and job sheets included in the unit of instruction.

All of the unit components "zero in" on measurable and observable learning outcomes. Instructors are encouraged to supplement, personalize, localize, and motivate with these materials in order to develop a complete teaching/learning process.

Units of instruction are designed for use in more than one lesson or class period of instruction. Careful study of each unit of instruction by the instructor will help him or her determine the following

A. Amount of material that can be covered in each class period

B. Skills that must be demonstrated

   1. Supplies and equipment needed

   2. Amount of practice needed

   3. Amount of class time needed for demonstrations

C. Supplementary materials, such as pamphlets and filmstrips, that must be ordered

D. Resource people who must be contacted

Performance Objectives (white pages)

Each unit of instruction is based on the performance needed for successful employment in an occupational area. Performance objectives are stated in two forms: unit objectives, stating the subject matter to be covered in a unit of instruction; and specific objectives, stating the performance necessary to reach the unit objective.

Since the objectives of the unit provide direction for the teaching/learning process, it is important that instructors and students have a common understanding of the intent of the objectives. Following is a list of performance terms, their meanings, and behavioral synonyms that may have been used in this material.

A. Name—The individual supplies a name for objects, events, or people

   Behavioral synonyms: Label, list, letter record, reiterate, repeat, write

B. Identify—The individual selects a named, described, or pictured object by pointing to it, touching it, picking it up, or selecting it

   Behavioral synonyms: Select, mark, match, choose, judge

C. State a rule—The individual communicates a relationship or principle that could be used to solve problems or perform a task

D. Apply a rule—The individual supplies an answer to a problem by using a stated relationship or principle

Behavioral synonyms: Solve, calculate

E. Describe—The individual relates sufficient characteristics or properties of an object or event so that a second individual will be able to state what is being discussed

Behavioral synonyms: Define, discuss, interpret, recite, tell how, tell what happens when

F. Distinguish—The individual selects an object or event from two or more that are easily confused

Behavioral synonyms: Discriminate, differentiate

G. Order—The individual arranges three or more objects or events in a sequence based on a stated property

Behavioral synonyms: Arrange, sequence, list in order classify divide, isolate, sort

H. Construct—The individual makes a physical object, a verbal statement, or a drawing

NOTE: Construct is used when the finished product or result is important.

Behavioral synonyms: Draw, make, build, design, formulate, reproduce, transcribe, convert, put together, compile

I. Demonstrate—The individual performs several operations necessary to carry out a specified process

NOTE: Demonstrate is used when it is desirable to watch the student perform a task, one of the highest levels of student performance.

Behavioral synonyms: Show your work, show procedure, perform an experiment, perform the steps, operate, remove, replace, turn off/on, (dis)assemble, (dis)connect

The objectives should be provided for students and stressed throughout the teaching/learning process. This will help answer any questions concerning performance requirements for each instructional unit. The objectives can also help determine teaching strategies and instructional methods. Prepare for each unit by deciding how each objective can best be taught.

The objective sheet may also be used as a quick pretest to determine prior knowledge of students and to determine whether further study or activities are necessary. Instructors should feel free to modify, delete, or add objectives in order to meet the needs of the students and community. When changes in objectives are made, the instructor should remember to supply the needed information, assignment and/or job sheets, and criterion test items.

Suggested Activities (pink pages)

This component is included only in instructor material. The suggested activities pages assist the instructor during the preparation stage of the teaching/learning process by providing suggestions for delivery and/or presentation during the instructional process. Read the suggested activities before teaching the units to allow time to obtain supplemental materials, prepare audio-visual materials, and contact outside resources. Duties of the instructor will vary according to the particular unit.

The references that are listed are ones used in the development of each unit. They should be used by the instructor to supplement her or his knowledge of the subject area or to help students with particular interests or occupational objectives in the area covered.

Pre-Test (yellow pages)

The pre-test provides a pre-assessment of the knowledges that a student possesses prior to instruction. In individualized instruction a student may challenge out of studying portions or all of the cognitive objectives. In a group instructional setting, instructions may evaluate the knowledges that a group of students are bringing with them and determine where instruction should be emphasized.

Information Sheet (green pages)

The information sheet provides "must know" content essential for meeting the cognitive (knowledge level) objectives of the unit. The information is written in a topical outline form and is keyed to the specific objectives.

Instructors will find that the information sheet serves as an excellent guide for presenting background knowledge necessary to develop the skills specified in the unit objective. The information sheet may also be used for coordinating activities and advisory committees.

Students should read the information sheet before the information is discussed in class. Space is provided in margins for students and instructors to add notes that supplement, localize, personalize, or provide motivation for each unit.

Handouts (white pages)

Handouts are additional material that support and go beyond portions of the Information Sheet. Handouts include such activities as games, puzzles, and additional information that may be used to broaden the students understanding of the information. While handouts are not tested over directly, they may be used to solve a problem or assist in arriving at solutions for cognitive knowledge and higher-order thinking skills.

Transparency Masters (white pages)

Transparency masters provide information in a special way. Transparencies direct the class' attention to the topic of discussion. Transparencies may present new information, or they may reinforce information presented in the information sheet. They are particularly effective when identification is necessary. Make transparencies, and place them in the notebook where they will be immediately available for use.

Assignment Sheets (brown pages)

Assignment sheets give students a chance at problem solving, self-assessment, and/or practical experience with the information. They assist students in the application of knowledge that is a necessary prerequisite to skill development. These may be given to the student for completion in class or used for homework assignments. Answer sheets are provided whenappropriate and can be used by the student and/or instructor for checking student progress.

Job Sheets (blue pages)

Job sheets are another important segment of a unit of instruction. The job sheets provide a list of equipment, tools, and materials needed to complete a manipulative or psychomotor skill. They describe a step-by-step procedure needed to complete each task or job. Diagrams, photographs, and illustrations are provided to assist students in achieving the skill.

Instructors should demonstrate to students the procedure outlined in each job sheet. Furthermore, the instructor needs to localize the job sheet according to the equipment and supplies available in the local lab or shop situation. Job sheets also furnish potential employers with a picture of the skills being taught and the performances they might reasonably expect from a person who has had this vocational instruction.

Practical Tests (Yellow pages)

The practical tests are designed to assist the instructor in the evaluation of the psychomotor activites (job sheets). The practical test provides instructors a valid mechanism for determining the student's level of ability in performing on the job sheet.

Tests (White pages)

This component provides criterion-referenced evaluation of every objective listed in the unit of instruction. It is crucial to note that both paper/pencil and performance objectives must be evaluated.

The tests may be written or oral. It is recommended that the tests be divided into shorter tests covering three or four objectives at a time and given soon after those objectives have been covered. A selection of questions from the units covered may be used for final tests at the end of each term if desired. If objectives have been added, deleted, or modified, be sure to make the changes on the test.

The acceptable response on a unit test, 85 percent in most units, may be raised or lowered to fit the topic or students' ability levels. The percentage applies to the overall score, not to each individual question. The final unit grade should be obtained by using the paper/pencil score along with evaluations of students' demonstrations of the desired skills. The tests are in the instructor's book but may be photo-copied for classroom use only.

Answers to Pretest, Test and Assignment Sheets (pink pages)

These components are designed to assist the instructor in evaluation of student performances.

Teaching Methods

It is a challenge to keep students motivated. Supplement the objectives by providing the "why," personal experiences, and current information. Prepare for each unit by deciding how each objective can best be taught. Allow students to become involved in preparing and planning.

ACKNOWLEDGEMENTS

The CIMC would like to extend a great appreciation to those individuals who played important parts in the development of *Introduction to Financial Services*. For her constant support and influential drive, a thank-you goes to Ms. Janice Huston, State Supervisor for Business and Office. For their continuous support and effort, a strong appreciation is extended to Greg Pierce, Curriculum Coordinator, and Sheila Stone, Development Coordinator. A generous thank-you goes to the financial services instructors across the state who gave their dedication and commitment to the development of this publicacation. Without their efforts this project wouldn't have been possible:

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Mrs. JoAnn Lynch
Red River AVTS

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Ms. Connie George
Tulsa County AVTS

Mrs. Wanda McCornack
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Mrs. Nell Dennis
WestMoore High School

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Thanks are also extended to Michelle Sharp, Ventura Desktop Specialist, for her efforts in the completion of this project. Also, thanks are extended to Gayle Kearns, Curriculum Development Specialist, for her assistance with the coordination and facilitation of this entire project.

Other Books in the Financial Services Series

Teller Operator

Proof Operator

New Accounts Representative

Safe Deposit Representative

Customer Service/Account Representative

(These books will be available in Spring 1990.)

Corrections and Suggestions

The Curriculum and Instructional Materials Center wants to provide vocational instructors and students with materials that are accurate and effective. Although the Center strives to maintain the highest standards of development and production, oversights occasionally do occur. If you find any errors in this or other CIMC publications, or have suggestions for improving their usefulness in vocational programs, please notify the CIMC staff. One easy way of pointing out errors is to make a photocopy of the affected pages and to indicate the correction on the copy. You can then mail the information to the CIMC, where it will be used to correct the publication before the materials are reprinted.

To ensure that the material is updated on a timely basis, it is important that you notify the Center of necessary corrections as soon as possible after discovering the error. Do not assume that someone else will notice the error and inform the CIMC; other users may be making the same assumption. Please send corrections and recommendations for improving this publication to the following address:

Coordinator of Curriculum Development
Curriculum and Instructional Materials Center
Oklahoma State Department of Vocational and Technical Education
1500 W. Seventh Avenue
Stillwater, Oklahoma 74074

OBJECTIVE SHEET

ORIENTATION TO FINANCIAL SERVICES

I

INTRODUCTION

As students you are probably interested in the possible career opportunities in a financial institution. In this unit, you will learn the major operational structures and highlights of the important responsibilities of the Federal Reserve Bank and its direct impact on financial institutions.

UNIT OBJECTIVE

After completing this unit, the student should be able to identify the career opportunities and describe the operational structure of financial institutions. The student will demonstrate these competencies by completing the assignment sheets and written test with a minimum of 85 percent accuracy.

SPECIFIC OBJECTIVES

After completing this unit, the student should be able to

1. Match terms associated with financial institutions to their correct definitions.
2. Describe the responsibilities of the five entry-level career opportunities in a financial institution.
3. Identify promotions persons in specific careers might anticipate in a ten-year time span.
4. Describe the six legislative acts that regulate the operations of financial institutions.
5. Describe the operational structure of the Federal Reserve Bank.
6. Identify the major services of the Federal Reserve Bank.
7. Label the job function in the financial institution to its appropriate career title (Assignment Sheet 1).
8. Prepare a time-line of legislative acts (Assignment Sheet 2).

SUGGESTED ACTIVITIES

ORIENTATION TO FINANCIAL SERVICES I

PREPARATION

- Study the specific objectives to determine those you will cover in your presentation. Decide also which objectives should be taught to which students.
- Determine scope and sequence of objectives that you add. Design and develop support materials, including evaluation techniques, for additional objectives.
- Review teaching suggestions and plan classroom activities.
- Order materials to supplement unit.
- Ask an officer from the Federal Reserve Branch Bank nearest your location to speak to the class.
- Ask a local financial institution officer to speak to the class about how the Federal Reserve Bank assists them in their daily banking functions.

NOTE: Please provide the guest speakers with the specific topic relevant to the unit of instruction ahead of time.

- Decide how to administer pretest.

DELIVERY

Discuss the unit and specific objectives. Emphasize how the specific objectives will lead to meeting the unit objective and how reaching the unit objective is vital in a financial institution setting. Relate the objectives to your introduction and to previous class material.

Objective 1

- Use information sheet to discuss terms associated with financial institutions.
- Show students examples of those terms.

Objective 2

- Discuss the career opportunities in a financial institution and the functions of each of these careers.
- Discuss the possibility of advancement within the financial setting.

Objective 3

- Discuss the organizational structure of a financial institution and how the student can advance in the financial institution.

Objective 4

- Use information sheet to discuss factors relating to the legislative acts regulating the operations of financial institutions.
- Discuss with the students how each of these acts helped make the financial institutions better.
- Show video *Checkpoint: A Training Video on the New Expedited Funds Availability Act.*

Objective 5

- Discuss the operational structure of the Federal Reserve Bank.
- Discuss functions of each entity.
- Take a field trip to the nearest Federal Reserve Bank.

Objective 6

- Discuss the Federal Reserve's objectives.
- Discuss the most important tool the Federal Reserve has to control the value of the dollar.
- Ask students to list other services provided by the Federal Reserve to both banks and the government.

APPLICATION

Objectives 7 and 8

- Use Assignment Sheet 1 to give students practice in labeling the job function in the financial institution to its appropriate career title.
- Use Assignment Sheet 2 to give students practice in understanding the time-line of the legislative acts.
- Use Handout 1 to give students the opportunity to respond to identifying the federal reserve symbol in currency.

EVALUATION

Pretest

- Pretest qualifying students.
- Determine individual study requirements from pretest results.
- Counsel students individually on pretest results and study requirements.
- Modify materials in unit or create supplementary materials for individual students as required.

Written Test

- Explain to students that they will be asked to demonstrate on the written test actions listed in the specific objectives.
- Give written test.

  NOTE: The written test may be given in sections if desired.
- Evaluate students on assignment sheet activities if not previously done.
- Reteach and retest if necessary.
- Complete appropriate section of competency profile.
- Review individual and group performance in order to evaluate teaching methods. Adjust scope, sequence, or instructional approaches for additional lessons as required.

SUGGESTED RESOURCES

Audio-Visual Materials

- *Checkpoint: A Training Video on the New Expedited Funds Availability Act.*

  NOTE: This videotape may be ordered from the Oklahoma Bankers' Association, P.O. Box 18246, Oklahoma City, OK 73154.
- *You Can Bank on It: A BancTraining Video.*

  NOTE: This videotape may be ordered from BancTraining Video System, P.O. Box 10390, Des Moines, Iowa 50306.

UNIT REFERENCES

- Board of Governors of the Federal Reserve System, Washington, D.C.—"Organization and Advisory Committees."
- Ekstrand, Karen L., "Outlining the Funds Availability Act" Oklahoma Banker, August 1988, P.O. Box 18246, Oklahoma City, OK 73154.
- Harris, Lois *Principles of Banking,* American Bankers' Association, 3rd Edition, 1120 Connecticut Avenue, N.W., Washington, D.C. 20036.

PRETEST ANSWERS

ORIENTATION TO FINANCIAL SERVICES I

OBJECTIVE 1

1. p
2. k
3. o
4. l
5. c
6. h
7. a
8. d
9. b
10. t
11. i
12. m
13. e
14. f
15. g
16. q

OBJECTIVE 2

Teller

- Receives commercial and individual checking and savings deposits. Accepts checks for cashing or paying. Verifies endorsements. Makes change.

Proof Operator

- Proofs the accuracy of all financial transactions. Processes items that are received from other banks.

New Accounts Representative

- Opens accounts for customers. Examples: checking and savings accounts. Services the accounts on an ongoing basis.

Safe Deposit Representative

- Controls access to safe deposit boxes.

Customer Service/Account Representative

- Updates customers' account records. Microfilms documents such as customers' cancelled checks, file items, check stop orders, return items, large items, and rejects. Issues statements to customers. Provides account information to customers and to other areas of the bank. Reconciles bank statements.

OBJECTIVE 3

From the teller position, an entry-level employee could expect to advance to the position of Head Teller. From this position the employee could move into an operations officer position either in the lending area or the financial/ accounting area.

OBJECTIVE 4

The National Bank Act

The Federal Reserve Act

Glass-Steagall Act

Monetary Control Act

Garn-St. Germain Act

Funds Availability Act

OBJECTIVE 5

The Federal Reserve Banking System is comprised of the Board of Governors, the Federal Open Market Committee, and a network of 12 District Banks. In addition several statutory and working committees such as the Consumer Advisory Council, the Federal Advisory Council, the Thrift Institutions Advisory Council, and the Academic Consultants meet with and advise the Board throughout the year on banking and consumer issues and economic matters to help the Board deal with its varied responsibilities.

OBJECTIVE 6

The Federal Reserve System provides three major services to financial institutions as well as three services for the Federal Government.
For the Financial Institutions it:

- supplies currency and coin;
- collects checks and makes wire transfers; and
- provides safekeeping and extends credit.

For the Federal Government it:

- Issues and redeems all government obligations;
- Maintains the government's checking account; and
- Helps to maintain a sound banking system by examining and regulating commercial banks.

OBJECTIVE 7 For answers refer to Assignment Sheet 1.

OBJECTIVE 8 For answers refer to Assignment Sheet 2.

PRETEST | ORIENTATION TO FINANCIAL SERVICES I

NAME ______________________________ SCORE ______

OBJECTIVE 1

Match the terms associated with financial institutions to their correct definitions. Choose the term that best identifies the following. Write the correct letter in the blanks.

___ 1. Government's control over the flow of money

___ 2. Agency responsible for issuing and redeeming all government obligations

___ 3. Agency responsible for monetary policy

___ 4. Institution based on private ownership and independent control

___ 5. Amount of funds available to the public for spending

___ 6. Institution that provides all financial services to individuals and/or businesses

___ 7. An official responsible for the chartering, examining, supervising, and liquidating of all national banks

___ 8. Funds set aside to meet legal requirements

___ 9. An association of individuals having some common bond who have organized to provide financial services

___ 10. Activities of government branches dealing with the areas of taxation and spending

___ 11. A 7-member group that directs the operations of the Federal Reserve System

a. Comptroller of the Currency

b. Credit union

c. Money supply

d. Reserves

e. Federal Savings and Loan Insurance Corporation (FSLIC)

f. Discount rate

g. Federal Deposit Insurance Corporation (FDIC)

h. Financial institution

i. Board of Governors

j. Savings bank

k. Fiscal agent

l. Federal Reserve bank

m. Bank Charter

n. Negotiable instrument

___ 12. Document that gives a bank the right to conduct business

___ 13. Agency that provides insurance coverage on deposits at thrift institutions

___ 14. Interest rates charged to financial institutions by the Federal Reserve Bank

___ 15. Agency that insures depositorst monetary loss up to a maximum of agains $100,000 per account

___ 16. The supervisory agency and source of credit for federally chartered savings and loan associations

o. Federal Reserve Board

p. Monetary policy

q. Federal Home Loan Bank board

r. Series E Bonds

s. NOW Accounts

t. fiscal policy

OBJECTIVE 2 **Describe the responsibilities of the five entry-level career opportunities in a financial institution.**

____

____

____

____

____

____

OBJECTIVE 3 **Identify promotions persons in specific careers might anticipate in a ten-year time span with the position listed below.**

____

____

____

____

____

____

OBJECTIVE 4 Describe the six legislative acts that regulate the operations of financial institutions.

OBJECTIVE 5 Describe the operational structure of the Federal Reserve Bank.

OBJECTIVE 6 Identify the major services of the Federal Reserve System.

NOTICE	In addition to the pretest items, the student will be required to demonstrate mastery of the following objectives.	
OBJECTIVE 7	**Label the job function in the financial institution to its appropriate career title.**	SCORE_____
OBJECTIVE 8	**Prepare a time-line of legislative acts.**	SCORE_____

OBJECTIVE 1

Match terms and definitions associated with financial institutions.

- **Bank charter**—A document issued by a federal (for national banks) or state (for all other banks) supervisory authority giving the bank the right to conduct its business under stated terms and conditions
- **Board of Governors**—The seven-member group, appointed by the president and confirmed by the Senate for 14-year terms, that directs the operations of the Federal Reserve System.
- **Comptroller of the Currency**—An official of the U.S. government, appointed by the President and confirmed by the Senate, who is responsible for the chartering, examining, supervising, and liquidating of all national banks
- **Credit Union**—A voluntary cooperative association of individuals having some common bond organized to accept deposits, extend loans, and provide other financial services
- **Discount rate**—The interest rate the federal reserve charges on loans it grants to financial institutions
- **Federal Desposit Insurance Corporation (FDIC)**—Agency established by Congress in 1933 that protects depositors against monetary loss up to a maximum of $100,000 per account
- **Federal Home Loan Bank Board**—The supervisory agency and source of credit for federally chartered savings and loan associations
- **Federal Reserve Bank**—An institution based on private ownership and independent control that utilizes three primary tools to carry out its monetary policy—open market operations, discount rate, and reserve requirements.
- **Federal Reserve Board**—The primary agency responsible for monetary policy
- **Federal Savings and Loan Insurance Corporation (FSLIC)**—The counterpart agency of the FDIC created by the federal government to provide coverage on deposits at thrift institutions

- **Financial institution**—An institution that provides all financial services to each and every individual and/or business

- **Fiscal agent**—The federal agency responsible for issuing and redeeming all government obligations

- **Fiscal policy**—The activities of the legislative and executive branches of government in the areas of taxation and spending

- **Monetary policy**—The federal government's actions to influence the nation's flow of money

- **Money supply**—The total amount of funds available to the public for spending

- **Reserves**—Portions of a bank's funds set aside to meet legal requirements and/or for known or potential expenses or losses.

OBJECTIVE 2

Describe the five entry-level career opportunities in a financial institution.

Teller

- Receives commercial and individual checking and savings deposits. Accepts checks for cashing or paying. Verifies endorsements. Makes change.

Proof Operator

- Proofs the accuracy of all financial transactions. Processes items that are received from other banks.

New Accounts Representative

- Opens accounts for customers. Examples: checking and savings accounts.

  Services accounts on an ongoing basis.

Customer Service/Account Representative

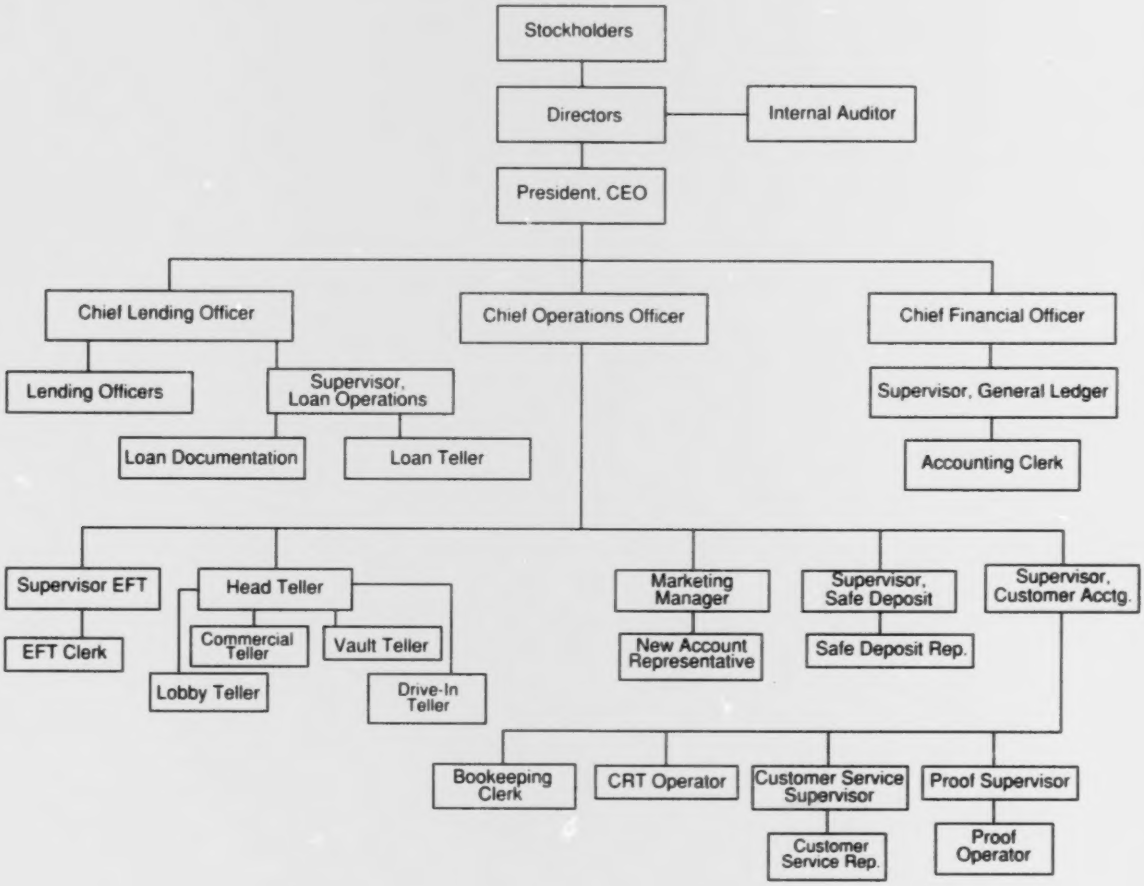
- Updates customers' account records. Microfilms documents. Examples: customers' cancelled checks, file items, check stop orders, return items, large items, and rejects. Issues statements to customers. Provides account information to customers and to other areas of the bank. Reconciles bank statements.

Safe Deposit Representative

- controls access to safe deposit boxes

OBJECTIVE 3 **Identify promotions persons in specific careers might anticipate in a ten-year time span.**

Upon entering the financial field in an entry-level position, the opportunities for promotion are wide-range. The path an individual chooses to take will depend on the area of interest in the financial setting.


Stockholders
Directors
Internal Auditor
President, CEO
Chief Lending Officer
Chief Operations Officer
Chief Financial Officer
Lending Officers
Supervisor, Loan Operations
Loan Documentation
Loan Teller
Supervisor, General Ledger
Accounting Clerk
Supervisor EFT
EFT Clerk
Head Teller
Commercial Teller
Vault Teller
Lobby Teller
Drive-In Teller
Marketing Manager
New Account Representative
Supervisor, Safe Deposit
Safe Deposit Rep.
Supervisor, Customer Acctg.
Bookeeping Clerk
CRT Operator
Customer Service Supervisor
Customer Service Rep.
Proof Supervisor
Proof Operator

OBJECTIVE 4

Describe the six legislative acts that regulate the operations of financial institutions.

The National Bank Act

- This act introduced by Salmon P. Chase and passed by Congress in 1863 created the foundation for the banking system of today. The act had four basic provisions: (1) it created a new type of financial institution known as a national bank; (2) the Office of the Comptroller of the Currency (OCC) was created; (3) it introduced a new type of uniform currency known as the national bank note; and (4) it established a system of required reserves.

The Federal Reserve Act

- This act passed by Congress in 1913 divided the country into 12 geographic districts, establishing a Federal Reserve Bank in each district which allowed each member bank to send checks directly to their district bank for collection and the district federal reserve would deal with the individual banks upon which the checks were drawn.

Glass-Steagall Act

- This act passed by Congress in 1933 altered the operations of commercial banks and contained four major provisions: (1) interest payments on demand deposits were prohibited; (2) commercial banks were ordered to divest themselves of all underwriting of revenue bonds and corporate stock issues and were prohibited from investing in common stock except when acting on behalf of customers; (3) authorization was given to the Federal Reserve to control bank loans made in connection with securities transactions; (4) the Federal Deposit Insurance Corporation (FDIC) was created to provide protection for bank depositors.

Monetary Control Act

- This act passed by Congress in 1980 is considered the single most important piece of banking legislation since 1933. This act was created to improve the Fed's ability to control monetary policy and to provide greater competitive equality among financial institutions. The major provisions of the act are: (1) FDIC and FSLIC coverage was increased to $100,000 per account; (2) transaction accounts were coined to describe all accounts that permit any type of payments to third parties; (3) the phasing-out of Regulation Q, which set maximum interest rates on all forms of savings and time deposits; (4) the Depository Institutions Deregulation

Committee (DDIC) was formed and made responsible for the changes in interest-rate ceilings during the phase-out period; (5) the Federal Reserve's "discount window" was expanded so that all financial institutions could apply for short-term credit; (6) the Federal Reserve was ordered to implement a system of explicit pricing for all its services; (7) credit unions were given additional powers to allow them to compete with commercial banks; (8) Negotiable Order of Withdrawal (NOW) accounts were authorized for all financial institutions.

Garn-St. Germain Act

- This act passed by Congress in 1982 directed the DIDC to authorize a new type of account, the money market deposit account (MMDA),it expanded the FDIC authority to keep insured commercial and savings banks from failing, and created another type of deposit relationship called the Super-NOW account.

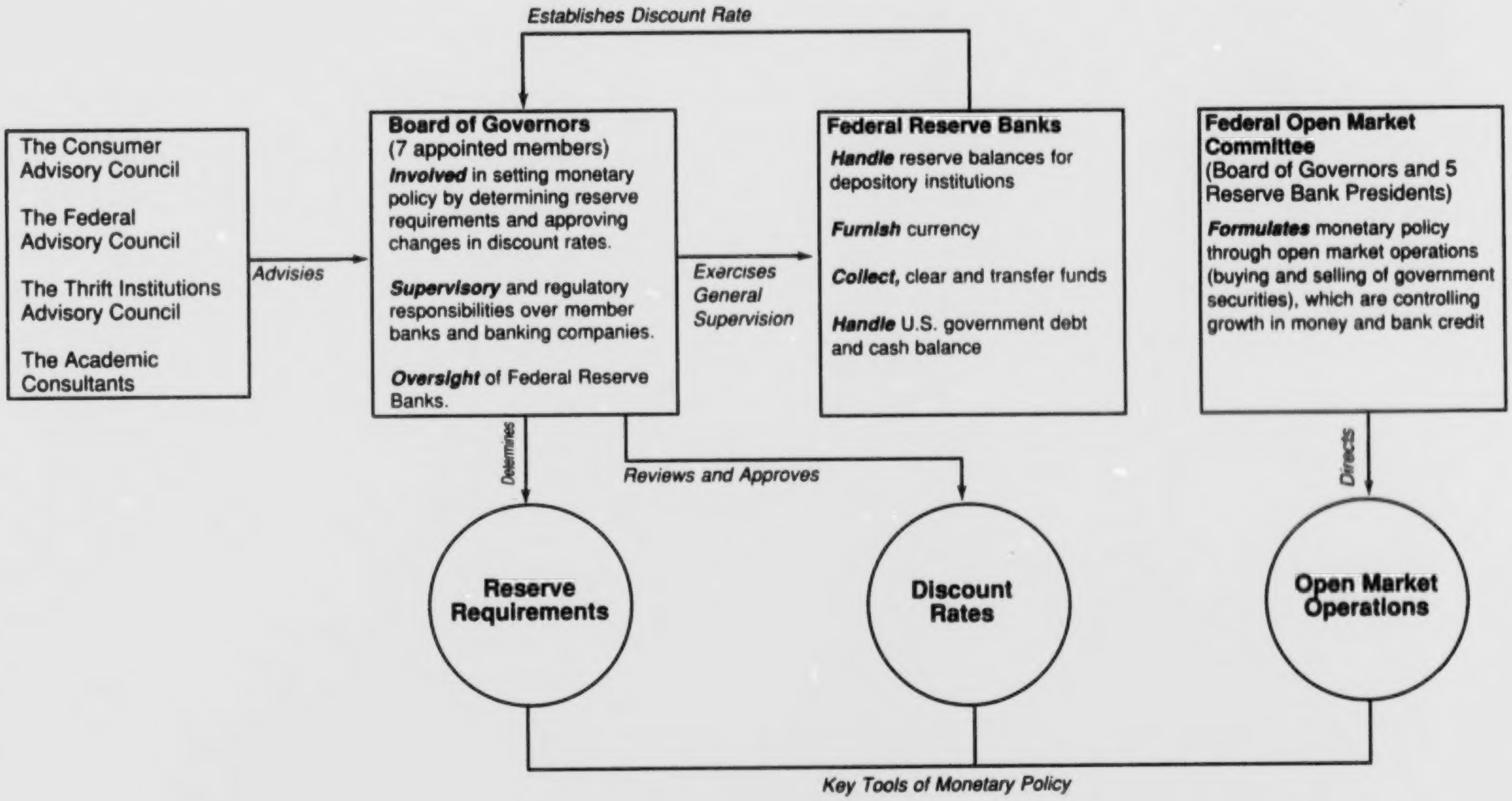
Funds Availability Act

- This act passed by Congress in 1988 includes specific and detailed provisions that require a bank to make funds available to their customers within certain time-frames. A financial institution must also pay interest on interest-bearing transaction accounts no later than the day the bank receives provisional credit. The financial institution must also disclose their funds availability policy to their customers. Regulation CC outlines the requirements a financial institution must meet in order to adhere to the Act.

OBJECTIVE 5

Describe the operational structure of the Federal Reserve Bank.

The Federal Reserve Banking System is comprised of the Board of Governors, the Federal Open Market Committee, and a network of 12 District Banks. In addition, several statutory and working committees such as the Consumer Advisory Council, the Federal Advisory council, the Thrift Institutions Advisory Council, and the Academic Consultants meet with and advise the Board throughout the year on banking and consumer issues and economic matters to help the Board deal with its varied responsibilities.



The Consumer Advisory Council

The Federal Advisory Council

The Thrift Institutions Advisory Council

The Academic Consultants

Board of Governors
(7 appointed members)

Involved in setting monetary policy by determining reserve requirements and approving changes in discount rates.

Supervisory and regulatory responsibilities over member banks and banking companies.

Oversight of Federal Reserve Banks.

Federal Reserve Banks

Handle reserve balances for depository institutions

Furnish currency

Collect, clear and transfer funds

Handle U.S. government debt and cash balance

Federal Open Market Committee
(Board of Governors and 5 Reserve Bank Presidents)

Formulates monetary policy through open market operations (buying and selling of government securities), which are controlling growth in money and bank credit

Establishes Discount Rate
Advisies
Exercises General Supervision
Determines
Reviews and Approves
Directs
Reserve Requirements
Discount Rates
Open Market Operations
Key Tools of Monetary Policy

OBJECTIVE 6

Identify the major services of the Federal Reserve System.

The United States has no central bank, however, the Federal Reserve System of Banks comes closest to fulfilling that role. The Federal Reserve System serves important central economic functions, but it differs from other central banks in its degree of independence, private ownership, and decision-making authority.

The Federal Reserve System provides three major services to financial institutions as well as three services for the federal government.

The services provided for the financial institutions are:

- Supplies currency and coin
- Collects checks and makes wire transfers
- Provides safekeeping and extends credit

The services provided for the federal government are:

- Issues and redeems all government obligations
- Maintains the governments checking account
- Helps to maintain a sound banking system by examining and regulating commercial banks

NAME ______________________________ SCORE _______

OBJECTIVE 9

Locate the identifying symbol of the currency corresponding to each federal reserve district.

Using the Federal Reserve seal located on the left side of a bill, find a bill for each Federal Reserve District. (A is for District No.1, B is for District 2, etc.)

A Fed. Reserve District

B Fed. Reserve District

C Fed. Reserve District

D Fed. Reserve District

E Fed. Reserve District

F Fed. Reserve District

G Fed. Reserve District

H Fed. Reserve District

I Fed. Reserve District

J Fed. Reserve District

K Fed. Reserve District

L Fed. Reserve District

ASSIGNMENT SHEET 1

ORIENTATION TO FINANCIAL SERVICES

NAME ______________________________ SCORE ______

OBJECTIVE 7

Label the job function in the Financial Institution to its appropriate career title.

DIRECTIONS

Fill in the blanks with the correct answer to the following statements. Job functions may be used more than once.

a. Teller
b. Proof Operator
c. Safe Deposit Repesentative
d. New Accounts Representative
e. Customer Service/Account Representative

___ 1. Completes all required contracts when a customer wishes to open a safe deposit box.

___ 2. Opens all types of new accounts.

___ 3. Receives commercial and individual checking and savings deposits.

___ 4. Handles telephone and face-to-face inquiries from customers concerning their accounts.

___ 5. Sorts checks and other items according to a primary and one or more secondary sorts.

___ 6. Completes all necessary paperwork connected with new account transactions.

___ 7. Accepts checks for cashing or paying.

___ 8. Determines identity and legal right of each person requesting access to a safe deposit box.

___ 9. Verifies endorsements and makes change.

__ 10. Helps customers balance bank statements.

__ 11. Processes customer deposits, internal tickets, and notifies tellers of any differences.

__ 12. Responsible for customer account research.

NAME ______________________________ SCORE ______

OBJECTIVE 8 **Prepare a time-line of legislative acts.**

DIRECTIONS Complete the following statements with the key banking event or act and the year in which it took place.

1. This act created the foundation for the banking system.

   ACT ____________________________ YEAR _____

2. This act authorized Negotiable Order of Withdrawal (NOW) accounts.

   ACT ____________________________ YEAR _____

3. This act directed the authorization of a new type of account—the Money Market Deposit Account.

   ACT ____________________________ YEAR _____

4. This act created the institution referred to as a national bank.

   ACT ____________________________ YEAR _____

5. This act increased the coverage on FDIC and FSLIC accounts to $100,000 per account.

   ACT ____________________________ YEAR _____

6. Stock market collapse—7,000 banks failed, the FDIC was created, and a lack of confidence in the banking system.

   ACT ____________________________ YEAR _____

7. This act required a financial institution to pay interest on interest-bearing transaction accounts no later than the day the bank receives provisional credit.

   ACT ____________________________ YEAR _____

33

8. Single most important piece of legislation passed by Congress since 1933 and provided greater competitive equality among financial institutions.

ACT ____________________________ YEAR ______

9. High interest rates and increased competition caused declining deposits at Savings & Loans and created another type of deposit relationship called the Super-NOW account.

ACT ____________________________ YEAR ______

10. Requires a financial institution to disclose their funds availability policy to all customers, and requires that funds be made available to their customers within certain time frames.

ACT ____________________________ YEAR ______

ANSWERS TO ASSIGNMENTS

ORIENTATION I

ASSIGNMENT SHEET 1

1. c
2. d
3. a
4. e
5. b
6. d
7. a
8. c
9. a
10. e
11. b
12. e

ASSIGNMENT SHEET 2

1. National Bank Act 1863
2. Monetary Control Act 1980
3. Garn-St. Germain Act 1982
4. National Bank Act 1863
5. Monetary Control Act 1980
6. Glass-Steagall Act 1933
7. Funds Availability Act 1988
8. Monetary Control Act 1980
9. Garn-St. Germain Act 1982
10. Funds Availability Act 1988

NAME ______________________________ SCORE _______

OBJECTIVE 1

Match the terms associated with financial institutions to their correct definitions. Choose the best answers and write the letter in the blank.

___ 1. Agency that protects depositors against monetary loss up to a maximum of $100,000 per account

___ 2. Government's control over the flow of money

___ 3. The supervisory agency and source of credit for federally chartered savings and loan associations

___ 4. Agency responsible for issuing and redeeming all government obligations

___ 5. Interest rate charged to financial institutions by the Federal Reserve Bank

___ 6. Document that gives a bank the right to conduct business

___ 7. Agency that provides coverage on deposits at thrift institutions

___ 8. Agency responsible for monetary policy

___ 9. A 7-member group that directs the operations of the Federal Reserve System

__ 10. An official responsible for the chartering, examining, supervising, and liquidating of all national banks

__ 11. Activities of government branches dealing with the areas of taxation and spending

a. Comptroller of the Currency

b. Credit Union

c. Fiscal policy

d. Series E bonds

e. Money supply

f. NOW accounts

g. Reserves

h. Federal Savings and Loan Insurance Corporation (FSLIC)

i. Monetary policy

j. Savings bank

k. Discount rate

l. Federal Home Loan Bank Board

m. Bank charter

n. Federal Deposit Insurance Corporation (FDIC)

o. Negotiable instrument

___12. Institution based on private ownership and independent control

___13. An association of individuals having some common bond who have organized to provide financial services

___14. Amount of funds available to the public for spending

___15. Funds set aside to meet legal requirements

___16. Institution that provides all financial services to individuals and/or businesses

p. Federal Reserve Board

q. Fiscal agent

r. Financial institution

s. Federal Reserve Bank

t. Board of Governors

OBJECTIVE 2

Describe the responsibilities of the five entry-level career opportunities in a financial institution listed below.

Teller—____

____

Proof Operator—___________________________________

____

New Accounts Representative—__________________________

____

Customer Service/Account Representative—____________________

____

Safe Deposit Representative—___________________________

____

____

OBJECTIVE 3 **Identify promotions persons in specific carreers might anticipate in a ten-year time span listed below.**

Teller— ____________________

Proof Operator— ____________________

New Accounts Representative— ____________________

Customer Service/Account Representative— ____________________

Safe Deposit Representative— ____________________

OBJECTIVE 4 **Describe the six legislative acts that regulate the operations of financial institutions listed below.**

The National Bank Act— ____________________

The Federal Reserve Act— ____________________

Glass-Steagall Act— ____________________

Monetary Control Act— ____________________

Garn-St. Germain Act— ____________________

Funds Availability Act— ____________________

OBJECTIVE 5 **Describe the operational structure of the Federal Reserve Bank.**

____

____

____

____

____

____

OBJECTIVE 6 **Identify the major services of the Federal Reserve System.**

____

____

____

____

____

____

NOTICE The following assignment sheets are not a part of the written test. If these activities have not been completed, check with your instructor.

OBJECTIVE 7 **Label the job function in the financial institution to its appropriate career title.** SCORE_____

OBJECTIVE 8 **Prepare a time-line of legislative acts.** SCORE_____

OBJECTIVE 1

1. n
2. i
3. l
4. q
5. k
6. m
7. h
8. p
9. t
10. a
11. c
12. s
13. b
14. e
15. g
16. r

OBJECTIVE 2

Teller

- Receives commercial and individual checking and savings deposits. Acepts checks for cashing or paying. Verifies endorsements. Makes change.

Proof Operator

- Proofs the accuracy of all financial transactions. Processes items that are received from other banks.

New Accounts Representative

- Opens accounts for customers. Examples: checking and savings accounts. Services the accounts on an ongoing basis.

Customer Service/Account Representative

- Updates customers' account records. Microfilms documents such as customers' cancelled checks, file items, check stop orders, return items, large items, and rejects. Issues statements to customers. Provides account information to customers and to other areas of the bank. Reconciles bank statements.

Safe Deposit Representative

- Controls access to safe deposit boxes.

OBJECTIVE 3

Teller

- An entry-level teller will have the opportunity to move into a head teller's position dealing with individual as well as commercial business. A teller may also be promoted to operations officer in either the lending or financial area.

Proof Operator

- An entry-level proof operator may advance to Proof Supervisor and eventually advance into the role of chief lending officer or chief financial officer.

Customer Service/Account Representative

- An entry-level position in this area will enable the employee to move into the position as supervisor and move into the position as supervisor of customer accounting. Eventually this employee could expect to move into the chief operations officer role in either lending or finance.

Safe Deposit Representative

- An entry-level position in this area enables the employee to move into a supervisory role and again move into the role as a chief operations officer in either the lending area or the finance area.

New Accounts Representative

- An entry-level position here enables the employee to move into a supervisory role and then move into the chief operations role in either lending or finance.

OBJECTIVE 4

The National Bank Act

- This act was introduced by Salmon P. Chase and passed by Congress in 1863. It created the foundation for the banking system of today.

The Federal Reserve Act

- Passed by Congress in 1913 it divided the country into 12 geographic districts, establishing a Federal Reserve Bank in each district.

Glass-Steagall Act

- Passed by Congress in 1933 altered the operations of commercial banks and created the authorization of the FDIC.

Monetary Control Act

- Passed by Congress in 1980 and considered the single most important piece of banking legislation since 1933, this act allowed for the Federal Reserve to control monetary policy and to provide greater competitive equality among financial institutions.

Garn-St. Germain Act

- Passed by Congress in 1982 directed the DIDC to authorize the Money Market Deposit Account, it expanded the FDIC's authority to keep insured commercial and savings banks from failing, and created the Super-NOW account.

Funds Availability Act

- Passed by Congress in 1988 which included specific and detailed provisions that require a bank to make funds available to their customers within certain time frames. In addition the financial institution must pay interest on interest-bearing transaction accounts no later than the day the bank receives provisional credit. The financial institution must also disclose their funds availability policy to their customers.

OBJECTIVE 5

The Federal Reserve Banking System is comprised of the Board of Governors, The Federal Open Market Committee, and a network of 12 District Banks. In addition, several statutory and working committees such as the Consumer Advisory Council, the Federal Advisory Council, the Thrift Institutions Advisory Council, and the Academic Consultants meet with and advise the Board throughout the year on banking and consumer issues and economic matters to help the Board deal with its varied responsibilities.

OBJECTIVE 6

The services provided for the financial institutions by the

Federal Reserve are:

- Supplies currency and coin
- Collects checks and makes wire transfers
- Provides safekeeping and extends credit

The services provided for the federal government are:

- Issues and redeems all government obligations
- Maintains the governments checking account
- Helps to maintain a sound banking system by examining and regulating commercial banks

OBJECTIVE 7 Refer to answers to Assignment Sheet 1.

OBJECTIVE 8 Refer to answers to Assignment Sheet 2.

OBJECTIVE SHEET

PERSONAL MONEY MANAGEMENT II

INTRODUCTION

As students, you are probably beginning to think about your future. You are planning to go to work, college or trade school.

Since you are mapping out plans for your career, you should begin to think about your financial future, too. Your financial well-being in the years ahead depends on many factors which include trends in the national and state economies, the rate of inflation, the cost of money, and your own attitude toward working and earning a living. Of course, the first three factors will always affect your earning power. But your willingness to work hard, show initiative, and have confidence in your talents and abilities, are key factors in your future earning power.

This unit on Personal Money Management is important to your future financial picture. No matter how much money you earn, any amount will never be enough to satisfy your financial needs if you don't spend it wisely.

UNIT OBJECTIVE

After completing this unit, the student should be able to perform the responsibilities of personal money management. The student will demonstrate these competencies by completing the assignment sheets and written test with a minimum of 85 percent accuracy.

SPECIFIC OBJECTIVES

After completing this unit, the student should be able to

1. Match terms associated with financial institutions to their correct definitions.
2. Name factors to consider when selecting an institution.
3. State different types of personal checking accounts.
4. Describe the advantages of checking accounts.
5. State factors to consider when opening a checking account.
6. Analyze deductions on a typical payroll check.
7. Record a check properly.
8. Write a check properly.

9. Complete a deposit slip.
10. Reconcile a bank statement.
11. Prepare a budget.
12. Complete a payroll check stub. (Assignment Sheet 1)
13. Complete a check register correctly. (Assignment Sheet 2)
14. Fill in a check properly. (Assignment Sheet 3)
15. Fill out a deposit slip correctly. (Assignment Sheet 4)
16. Properly complete a reconciliation statement. (Assignment Sheet 5)
17. Complete a budget. (Assignment Sheet 6)

PREPARATION

- Obtain the *You and Your Community Bank* filmstrip and workbook packet. The filmstrip includes *How to Write a Check Properly*, *How to Make Out a Deposit Slip*, and *How to Reconcile a Bank Statement*.

  NOTE: This material may be available from your community banks, or you may write directly to NOW COMMUNICATIONS, INC. Saint Albans, West Virginia 25177.

- Obtain *The Money Manager* from the American Council of Life Insurance. This is a desk-sized workchart containing guidelines for preparing a complete and workable personal or family budget and includes a 12-month budget worksheet and illustrates step-by-step the budget making process. Free in quantities up to 100.
- Make arrangements for class speakers. Supply speakers with unit objectives and appropriate sections of unit prior to speaking engagement.
- Make arrangements for class to visit a financial institution.
- Decide how to administer pretest.
- Obtain the series of Financial Services videos from the OK SDVTE, Video Resource Center, Stillwater, Oklahoma.

DELIVERY

Objectives 1 through 3

1. Activity 1—Make arrangements for your class to visit a financial institution. Divide the class into groups, each of whose assignment is to ask the financial institution specific questions about: inflation, loans, savings, check writing, frequent customer mistakes, check processing, credit cards, banking careers, and investment counseling.
2. Activity 2—Have an official from your local financial institution visit your class for a question-and-answer session.
3. Show *You and Your Community Bank* filmstrip and go over workbook packet.
4. Show available videos that relate to this objective.

Objectives 4 through 9

- Show videos as they relate to each objective.
- In teaching the writing and recording of checks, the preparation of a deposit slip, or reconciliation of the bank statement, stress the importance of neatness, legibility, and the need for accuracy in listing the items and figuring the total, etc.
- Show students Transparency 1, How to Endorse a Check with the Trailing Edge.

Objective 10

- Tell students that preparing a reconciliation statement is divided into two separate operations: 1) adjusting the bank statement balance, and 2) adjusting the checkbook balance. Usually, if there are no errors in the bank statement, the bank statement balance needs adjusting for only the outstanding checks and deposits in transit. The checkbook balance is adjusted by subtracting service charges and adding interest charges.
- Tell students that some commercial institutions close early in the afternoon to give tellers enough time to complete their records of the day's transactions. However, many of them have drive-in windows so that customers may make deposits or withdrawals. Most financial institutions also receive deposits after hours through a late deposit box, the mail, and ATMs. The financial institution records these transactions as of the next business day rather than on the day on which the deposits were made.

Objective 11

- Activity 1—Discuss: Why do people budget? Is it necessary? What are the advantages? Summarize and list several advantages of budgeting on the board:

  A plan for spending helps a person satisfy short- and long-term goals.
  A plan helps persons live within their income.
  Planning helps a person spend more thoughtfully.
  Budgeting gives an economic lesson to the family and encourages cooperation to meet goals.
  Planning helps to establish good money management.
  A plan gives a feeling of well being.

- Activity 2—Divide class into groups of 3 - 4 members. Ask members of the group to describe their feelings about the place of money in their lives—its importance, its use, what bothers them. An interchange should occur which will allow the members to express their concerns. Reassemble the class and ask each group to share a summary of the discussion. Help students to see the diversity of attitudes regarding money.

- Activity 3—Distribute copies of *The Money Manager*, American Council of Life Insurance, to students. Have students prepare a list of all income and expenditures for a one-week period (or one-month).

  Or: On a sheet of paper, make four columns with these headings: Money Received; Money Spent; For What; and Money Saved. Tell students to record all the money received, spent, and saved. Each of them will use this record as a basis for a personal budget later.

- Activity 4—When students have completed Activity 3, ask them to list their expenses—fixed, irregular, expected and major expenditures. Discuss the categories and identify the commonalities and differences. These can be stressed so that different values, goals, and lifestyles become apparent.

- Activity 5—Ask students to identify the sources of their financial resources. These can range from part-time jobs, skills or hobbies to welfare payments. Encourage students to think beyond the obvious and include abilities or resources which can generate income although they may not be normally recognized as such.

- Activity 6—Ask students to project themselves into the 21st century and develop lists of living conditions, personal possessions and personal activities which would exemplify their idea of a "good life."

APPLICATION

Objective 12

- Use Assignment Sheet 1 to give students practice in completing deductions on a typical payroll check.

Objective 13

- Use Assignment Sheet 2 to give students practice in recording a check properly.

Objective 14

- Use Assignment Sheet 3 to give students practice in writing a check properly.

Objective 15

- Use Assignment Sheet 4 to give students practice in completing a deposit slip.

Objective 16

- Use Assignment Sheet 5 to give students practice in the proper way to reconcile a bank statement.

Objective 17

- Use Assignment Sheet 6 to give students practice in completing monthly and yearly budgets.

EVALUATION

Pretest

- Pretest qualifying students.
- Determine individual study requirements from pretest results.
- Counsel students individually on pretest results and study requirements.
- Modify materials in unit or create supplementary materials for individual students as required.

Written test

- Explain to students that they will be asked to demonstrate on the written test the actions listed in the specific objectives.
- Give written test.

  NOTE: The written test may be given in sections if desired.

- Evaluate students on assignment sheet activities if not previously done.
- Reteach and retest if necessary.
- Complete appropriate section of competency profiles.
- Review individual and group performance in order to evaluate teaching methods. Adjust scope, sequence, or instructional approaches for additional lessons as required.

SUGGESTED RESOURCES

- *You and Your Community Bank,* filmstrips and workbook packet, 1988, Now Communications, Inc., Saint Albans, West Virginia, 25177.

  NOTE: These materials may be available from your local community bank.

- *Banking Is,* 1983, National Learning Productions, Inc., 505 6th Ave., St. Albans, West Virginia, 25177-0246.
- *Banking Is Checkset,* 1983, National Learning Productions, Inc., 505 6th St., Saint Albans, West Virginia, 25177.
- *The Money Manager*, American Council of Life Insurance, Dallas, Texas.

OBJECTIVE 1

1. c
2. a
3. b
4. l
5. d
6. m
7. e
8. k
9. h
10. i
11. j
12. n
13. p
14. o

OBJECTIVE 2

Answers should include five of the following six factors:

- Services
- Conditions and charges for service
- Convenient hours and location
- Chance to build a credit rating
- Treatment of patrons
- Bank's involvement in the community

OBJECTIVE 3

PART I

- Individual Account
- Joint Account
- Interest Bearing Account
- Non-Interest Bearing Account

OBJECTIVE 4

Answers should include three of the following five factors:

- Safety
- Convenience
- Proof
- Recordkeeping
- Credit

OBJECTIVE 5

Answers should include three of the following four factors:

- Your mother's maiden name
- Driver's license
- Social security number
- Birth certificate/birthdate

OBJECTIVE 6

STATEMENT OF EARNINGS AND PAYROLL DEDUCTIONS

PERIOD		EARNINGS		TOTAL	DEDUCTIONS				TOTAL	NET PAY
ENDING	HOURS	REGULAR	OVERTIME	EARNINGS	INCOME TAX	FICA	MED. INS.	OTHER	DED.	
8-15	43	240.00	27.00	267.00	24.90	15.72	4.25	15.00	59.87	207.13

OBJECTIVE 7

CHECK NO.	DATE	CHECK ISSUED TO	AMOUNT OF CHECK		AMOUNT OF DEPOSIT	BALANCE
						$635.00
301	10/10	State's Credit Union	175.00			-175.00
		Loan payment				460.00
	10/12	Deposit - Rebate			20.00	+20.00
		check on t.v.				480.00

OBJECTIVE 8

Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555

501

01-1
510

July 30 19 89

PAY TO THE ORDER OF Jay's Clothing Store $ 14. 25/xx

Fourteen and 25/100 DOLLARS

Student National Bank

PRACTICE, NON-NEGOTIABLE

Memo shirt

Mary Merchant

|:0000 " 0000|: 01"48"1378"'

OBJECTIVE 9

DEPOSIT TICKET
For Deposit Only
Mary Merchant
Anytown, USA

DATE July 18 19 89

ALL ITEMS ARE RECEIVED BY THIS BANK FOR THE PUROSES OF COLLECTION AND ARE SUBJECT TO PROVISIONS OF THE UNIFORM COMMERCIAL CODE WHERE APPLICABLE AND THE RULES AND REGULATIONS OF THIS BANK. ALL CREDITS FOR ITEMS ARE PROVISIONAL UNTIL COLLECTED.

CURRENCY	5	00
COIN		
CHECKS Jane's Day Camp	200	00
Total From Other Side	—	
TOTAL	205	00
LESS CASH RECEIVED	—	
NET DEPOSIT	205	00

Sign Here ONLY If Cash Received From Deposit

101

69-165
515

DEPOSIT TICKET

PLEASE ITEMIZE ADDITIONAL CHECKS ON REVERSE SIDE

|:0000 " 0000|: 01"48"1378"'

OBJECTIVE 10

MONTH September 30, 19 --

THIS FORM IS PROVIDED TO HELP YOU BALANCE THIS STATEMENT

CHECKS AND OTHER WITHDRAWALS NOT SHOWN ON THIS STATEMENT

NO.	$ 21	90
	6	24
	109	00
	39	74
	5	25
TOTAL	$ 182	13

ENDING BALANCE SHOWN ON THIS STATEMENT $ 620.05

ADD
DEPOSITS NOT SHOWN ON THIS STATEMENT + $ 30.00
+
+

SUB TOTAL $ 650.05

SUBTRACT
TOTAL CHECKS AND OTHER CHARGES NOT SHOWN ON THIS STATEMENT - $ 182.13

BALANCE $ 467.92

SHOULD AGREE WITH CHECK BOOK BALANCE AFTER DEDUCTING ANY SERVICE CHARGES AND ADDING ANY INTEREST CREDITS SHOWN ON THIS STATEMENT.

OBJECTIVE 11

STEP 1. Estimated TOTAL INCOME from all sources:

Wages	Husband's Income	$10,000.
	Wife's Income	$12,000.
Interest	Savings Account	$ 400.
Misc.:		$ 350.

TOTAL GROSS INCOME $ 22,750.00

STEP 2. Compute DEDUCTIONS from payroll at 23%: $ 5,232.50

STEP 3. Subtract PAYROLL DEDUCTIONS from GROSS INCOME to obtain a NET INCOME FIGURE: $ 17,517.50

STEP 4. Compute FIXED EXPENSES (apply percentages to Net Income):

Savings	5.0%	$ 875.88
Food	30.0%	$ 5,255.25
Housing	29.5%	$ 5,167.66
Medical/Dental	6.0%	$ 1,051.05
Transportation	9.5%	$ 1,664.16
Clothing	7.5%	$ 1,313.81
Personal Care	5.0%	$ 875.88

TOTAL FIXED EXPENSES $ 16,203.69

STEP 5. Subtract TOTAL FIXED EXPENSES from NET INCOME to obtain your SPENDABLE INCOME figure: $ 1,313.81

STEP 6. Develop a plan for your SPENDABLE INCOME. Your plan will be your own and will be unique. You will find it easier, however, to take your annualized budget and divide each figure by 12 to make up a monthly "working budget." This will be especially true of your SPENDABLE INCOME plan.

OBJECTIVE 12	Refer to answers to Assignment Sheet 1.
OBJECTIVE 13	Refer to answers to Assignment Sheet 2.
OBJECTIVE 14	Refer to answers to Assignment Sheet 3.
OBJECTIVE 15	Refer to answers to Assignment Sheet 4.
OBJECTIVE 16	Refer to answers to Assignment Sheet 5.
OBJECTIVE 17	Refer to answers to Assignment Sheet 6.

PERSONAL MONEY MANAGEMENT

NAME ________________________________ SCORE _______

OBJECTIVE 1

Match terms and definitions associated with financial institutions. Write the correct letter in the blank.

___1. A nongovernmental financial institution that provides such services as checking accounts, savings accounts, credit and loan arrangements, and safe deposit rentals; sells and redeems U.S. Savings Bonds

___2. A precise list or enumeration of monetary transactions provided by the financial institution

___3. An institution which receives, lends, borrows, exchanges, issues and safeguards money

___4. To update your checkbook register with the records of the financial institution

___5. The amount of money a person or company puts into a savings or checking account or the act of putting money in an account

___6. Relating to the frequency to which the interest is computed and added to the principal to arrive at a new balance

___7. A person or company who deposits money in a financial institution account

___8. An amount of money charged by the financial institution to the customer to maintain a checking account

a. Account

b. Financial institution

c. Commercial institution

d. Deposit

e. Depositor

f. FDIC

g. Federal Reserve System

h. Full service bank

i. Outstanding checks

j. Deposits in transit

k. Service charge

l. Reconcile

m. Compound interest

n. Deposit slip

o. Simple interest

p. Cancelled check

q. Check

___ 9. A financial institution with a full spectrum of money services for your use. Examples: Community bank, full service bank, and commercial bank are all different names for the same thing

___ 10. Checks that have been written but have not yet cleared the customer's account at the financial institution

___ 11. Deposits made but funds have not yet been collected by the financial institution

___ 12. A form provided by the financial institution to record the amount of money placed in an account

___ 13. A check that has been paid and charged against the customer's account

___ 14. Interest that is computed on a percentum rate of the principal borrowed for a given period of time

___ 15. A demand draft drawn on a financial institution

OBJECTIVE 2

Name factors to consider when selecting a financial institution. Write the correct answers in the blanks.

____

____

____

____

____

____

____

OBJECTIVE 3

State different types of personal checking accounts. Name four different types of checking accounts.

____

____

____

____

OBJECTIVE 4

Describe the advantages of checking accounts. Name three advantages of a checking account.

____

____

____

OBJECTIVE 5

State factors to consider when opening a checking account. Name three forms of identification that may be required when opening a checking account to prove a person's identity.

____

____

____

OBJECTIVE 6

Analyze the deductions on a typical payroll check. Use the information below to fill in the earnings, deductions and totals on the blank payroll check stub provided.

1. Joe Boggs worked 40 regular hours for the week of August 10-15 and was paid at the rate of $6 per hour. Calculate his regular earnings and place the amount in the appropriate space on the check stub.
2. Joe also worked three hours of overtime that same week. He was paid time and a half for those additional hours. Calculate his overtime earnings and place the amount in the appropriate space on the check stub.
3. Calculate Joe's total hours and write the amount in the appropriate space on the check stub.

4. Calculate Joe's total earnings and write the amount in the appropriate space on the check stub.

5. According to government tables, Joe's withholding tax for the week is $24.90. Place the amount in the appropriate space on the check stub.

6. Joe's social security deduction for the week was $15.72. Place the amount in the appropriate space on the check stub.

7. Joe's employer deducts $4.25 per week for hospital insurance. Place the amount in the appropriate space on the check stub.

8. Joe has $15 per week deducted from his check to be automatically deposited into a savings account. Place that amount in the appropriate space on the check stub.

9. Calculate Joe's total deductions for the week and write the amount in the appropriate space on the check stub.

10. Calculate Joe's net pay and write the amount in the appropriate space on the check stub.

STATEMENT OF EARNINGS AND PAYROLL DEDUCTIONS

PERIOD	HOURS	EARNINGS		TOTAL	DEDUCTIONS				TOTAL	NET PAY
ENDING		REGULAR	OVERTIME	EARNINGS	INCOME TAX	FICA	MED. INS.	OTHER	DED.	

OBJECTIVE 7

Record a check properly. Use the following information to fill in the blank check register below.

1. Your checking account balance is $635.00. On October 10, you use check number 301 to write a check for $175 to State's Credit Union for a loan payment on your car. Write the information in the correct spaces on the register and balance your checkbook.

2. On October 12, you receive a check for $20.00 as a rebate for a television you purchased. Write the information in the correct spaces on the register and balance your checkbook again.

CHECK NO.	DATE	CHECK ISSUED TO	AMOUNT OF CHECK		AMOUNT OF DEPOSIT	BALANCE

OBJECTIVE 8

Write a check properly. Use the information below to fill out the blank check.

On July 30, 1989, you spend $14.25 to buy a new shirt from Jay's Clothing Store. Fill out the blank check with the appropriate information.

Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555

501

01-1
510

______________ 19 ____

PAY
TO THE
ORDER OF ______________________________ $ __________

____ DOLLARS

Student National
Bank

PRACTICE,
NON-NEGOTIABLE

______________________ ______________________

Memo

|:0000 " 0000|: 01"48"1378"'

OBJECTIVE 9

Complete a deposit slip. Use the information below to fill in a deposit slip correctly.

1. On July 18, 1989, you deposit a paycheck for $200.00 from Jane's Day Camp. The ABA number on the check is 77-101. On the same day, you deposit $5.00 in cash you received from recycling some aluminum cans. Fill out the slip using this information and calculate your net deposit.

DEPOSIT TICKET
For Deposit Only
Mary Merchant
Anytown, USA

DATE ______________________ 19____
ALL ITEMS ARE RECEIVED BY THIS BANK FOR THE PUROSES OF COLLECTION AND ARE SUBJECT TO PROVISIONS OF THE UNIFORM COMMERCIAL CODE WHERE APPLICABLE AND THE RULES AND REGULATIONS OF THIS BANK. ALL CREDITS FOR ITEMS ARE PROVISIONAL UNTIL COLLECTED.

CURRENCY		
COIN		
CHECKS		
Total From Other Side		
TOTAL		
LESS CASH RECEIVED		
NET DEPOSIT		

____
Sign Here ONLY If Cash Received From Deposit

101
69-165
515

DEPOSIT TICKET

PLEASE ITEMIZE ADDITIONAL CHECKS ON REVERSE SIDE

|:0000 " 0000|: 01"48"1378"'

OBJECTIVE 10

Reconcile a bank statement. Find the available balance in the following problem.

Date: Sept. 30, 1989

Bank Statement Balance: $620.05

Outstanding Checks: $21.90; $6.24; $109.00; $39.74; $5.25

Late Deposit Not Recorded On Bank Statement: $30.00

MONTH ____________________ 19 ___

THIS FORM IS PROVIDED TO HELP YOU BALANCE THIS STATEMENT

CHECKS AND OTHER WITHDRAWALS NOT SHOWN ON THIS STATEMENT

NO.	$	
TOTAL	$	

ENDING BALANCE SHOWN ON THIS STATEMENT $ __________

ADD

DEPOSITS NOT SHOWN ON THIS STATEMENT + $ __________

+ __________

+ __________

SUB TOTAL $ __________

SUBTRACT

TOTAL CHECKS AND OTHER CHARGES NOT SHOWN ON THIS STATEMENT - $ __________

BALANCE $ __________

SHOULD AGREE WITH CHECK BOOK BALANCE AFTER DEDUCTING ANY SERVICE CHARGES AND ADDING ANY INTEREST CREDITS SHOWN ON THIS STATEMENT.

OBJECTIVE 11

Prepare a budget. Prepare the following budget for an average household.

STEP 1. Estimated TOTAL INCOME from all sources:

Wages	Husband's Income	$10,000.
	Wife's Income	$12,000.
Interest	Savings Account	$ 400.
Misc.:		$ 350.

STEP 2. Compute DEDUCTIONS from payroll at 23%: $________

STEP 3. Subtract PAYROLL DEDUCTIONS from GROSS INCOME to obtain a NET INCOME FIGURE: $________

STEP 4. Compute FIXED EXPENSES (apply percentages to Net Income):

Savings	5.0%	$________
Food	30.0%	$________
Housing	29.5%	$________
Medical/Dental	6.0%	$________
Transportation	9.5%	$________
Clothing	7.5%	$________
Personal Care	5.0%	$________

TOTAL FIXED EXPENSES $________

STEP 5. Subtract TOTAL FIXED EXPENSES from NET INCOME to obtain your SPENDABLE INCOME figure: $________

STEP 6. Develop a plan for your SPENDABLE INCOME. Your plan will be your own and will be unique. You will find it easier, however, to take your annualized budget and divide each figure by 12 to make up a monthly "working budget." This will be especially true of your SPENDABLE INCOME plan.

NOTICE	In addition to the pretest items, the student will be required to demonstrate mastery of the following objectives.	
OBJECTIVE 12	**Complete a payroll check stub.**	SCORE ____
OBJECTIVE 13	**Complete a check register correctly.**	SCORE ____
OBJECTIVE 14	**Fill in a check properly.**	SCORE ____
OBJECTIVE 15	**Fill out a deposit slip properly.**	SCORE ____
OBJECTIVE 16	**Properly complete a reconciliation statement.**	SCORE ____
OBJECTIVE 17	**Complete a budget.**	SCORE ____

OBJECTIVE 1

Match terms and definitions associated with financial institutions.

- **Account**—A precise list or enumeration of monetary transactions
- **Financial Institution**—An institution which receives, lends, borrows, exchanges, issues, and safeguards money
- **Commercial Institution**—A nongovernmental financial institution that provides such services as: checking accounts, savings accounts, credit and loan arrangements, and safe deposit rentals; sells and redeems U.S. Savings Bonds
- **Deposit**—n. The amount of money a person or company puts into savings or checking accounts; v. The act of putting money in an account
- **Depositor**—A person or company who deposits money in a bank account
- **Full Service Bank**—A financial institution with a full spectrum of money services for your use

  Examples: Community bank, full service bank, savings and loan, credit unions, and commercial banks are all different names for the same thing.
- **Outstanding checks**—Checks that have not yet cleared the customer's account at the financial institution
- **Reconcile**—To update your checkbook register with the records of the financial institution
- **Cancelled check**—A check that has been cleared through the customer's account and the financial institution
- **Compound Interest**—Relating to the frequency to which the interest is computed and added to the principal to arrive at a new balance
- **Simple Interest**—Interest that is computed on a percentum rate of the principal borrowed for a given period of time
- **Deposit Slip**—A form provided by the financial institution to record the amount of money placed in an account

- **Service charge**—An amount of money charged by the financial institution to the customer to maintain a checking account
- **Deposits in transit**—Deposits made but funds have not yet been collected by the financial institution
- **Check**—A demand draft drawn on a financial institution

OBJECTIVE 2 **Name factors to consider when selecting an institution.**

Here are some factors to consider when selecting an institution.

1. Services
   a. Checking accounts:
      1. Individual account
      2. Joint account
      3. Interest Bearing
      4. Non-interest bearing
   b. Loans:
      1. Consumer installment
      2. Education
      3. Automobile
      4. Credit card cash advance
      5. Mortgages
      6. Commercial
      7. Construction
      8. Agricultural
      9. Real estate
   c. Savings Plans:
      1. Passbook
      2. Certificate of deposit
      3. Insured money market accounts
      4. Special Savings Plans (Christmas Club, Education Club, Vacation Club).
   d. Retirement Accounts:
      1. Individual Retirement Account (IRA)
      2. Qualified Retirement Plan
      3. Simplified Employee Plan
   e. Miscellaneous:
      1. Safe deposit boxes
      2. Money orders
      3. Traveler's checks
      4. Automatic transfers (Ex: checking to savings, utility payments, loan payments)
      5. Automated Teller Machines (ATM's)

    6. Cashier's checks
    7. Wire services
    8. Bonds
    9. Collections
    10. International Banking
    11. Trustee and estate planning

2. Conditions and charges for services

3. Convenient hours and location

4. Treatment of patrons

5. Financial institution's involvement in the community

OBJECTIVE 3

State different types of personal checking accounts.

A checking account is a great way to keep track of your personal spending because you maintain a record of where you have spent your money.

You can open a checking account as long as you have money to deposit. Your banker can help you decide which account will be best for you.

There are four types of checking accounts:

- **Individual Account**—An account for use by one individual.

  NOTE: This type of account may or may not draw interest—inquire with the financial institution as to the policies of checking accounts.

- **Joint Account**—An account for use by two or more individuals that have equal rights to the account.

  NOTE: This type of account may or may not draw interest—inquire with the financial institution as to the policies of checking accounts.

- **Interest Bearing Account**—An account where interest is earned. The financial institution will have the policies required for this account.

- **Non-Interest Bearing Account**—An account that earns no interest.

NOTE: Opening a checking account is fairly simple. When you visit your financial institution ask for the "New Accounts" person who will help you to complete the necessary forms.

OBJECTIVE 4

Describe the advantages of checking accounts.

Checking offers many advantages:

- **SAFETY**—Your money is safe in an insured checking account. You can send payments safely through the mail by writing a check.
- **CONVENIENCE**—When your money is in a checking account, you can demand available funds at any time by writing a check.
- **PROOF**—After the checks you have written are cashed, they are returned to you. These cancelled checks are legal receipts, proving that you have paid for something.
- **RECORD KEEPING**—Your check register or check stubs are your record of all the deposits you make and the checks you write. If you keep an accurate register, you'll always know how much money you have and how much you are spending—a must for good financial planning.
- **CREDIT**—Your checking account will be a plus in establishing a credit identity.

OBJECTIVE 5

State factors to consider when opening a checking accounts.

One of the forms used in opening an account is a signature card which will remain on file at the financial institution. The sample signature it contains protects you and the financial institution. If you wish, there can be two or three signatures on the card, providing additional signing authority. Otherwise, only you may write checks on your account.

The financial institution may also ask you to provide additional identification information, such as your birthdate/birth certificate, your mother's maiden name, your driver's license, or your social security number—things which only you would readily know, if questioned.

When you open an account, read the information provided to you about fees which may be charged to your account by the financial institution. Ask the New Accounts representative about them so that you gain a clear understanding.

CHECKING ACCOUNT SIGNATURE CARD

INDIVIDUAL ACCOUNT OF

Soc. Sec. No.

Safe and Sure Bank, anywhere, U.S.A.

Items received for deposit or collection are accepted on the following terms and conditions. This Bank acts only as depositor's collection agent and assumes no responsibility beyond its exercise of due care. All items are credited subject to final payment and to receipt of proceeds of final payment in cash or solvent credits by this Bank at its own office. This Bank may forward items to correspondents and shall not be liable for default or negligence of correspondents selected with due care nor for losses in transit, and each correspondent shall not be liable except for its own negligence. Items and their proceeds may be handled by any Federal Reserve bank in accordance with applicable Federal Reserve rules and by this Bank or any correspondent in accordance with any common bank useage, with any practice or procedure that a Federal Reserve bank may use or permit another bank to use, or with any any other lawful means. This Bank may charge back, at any time prior to midnight on its business day next following the day of receipt, any itme drawn on this Bank which is ascertained to be drawn against insufficient funds or otherwise not good or payable. An item received after this Bank's regular afternoon closing hour shall be deemed received the next business day.

To all the above the undersigned agree. I/we also agree to the by-laws, regulations and service charges of the above mentioned bank governing deposits in its checking department now and/or hereafter adopted by said bank.

AUTHORIZED SIGNATURE

AUTHORIZED SIGNATURE

ADDRESS

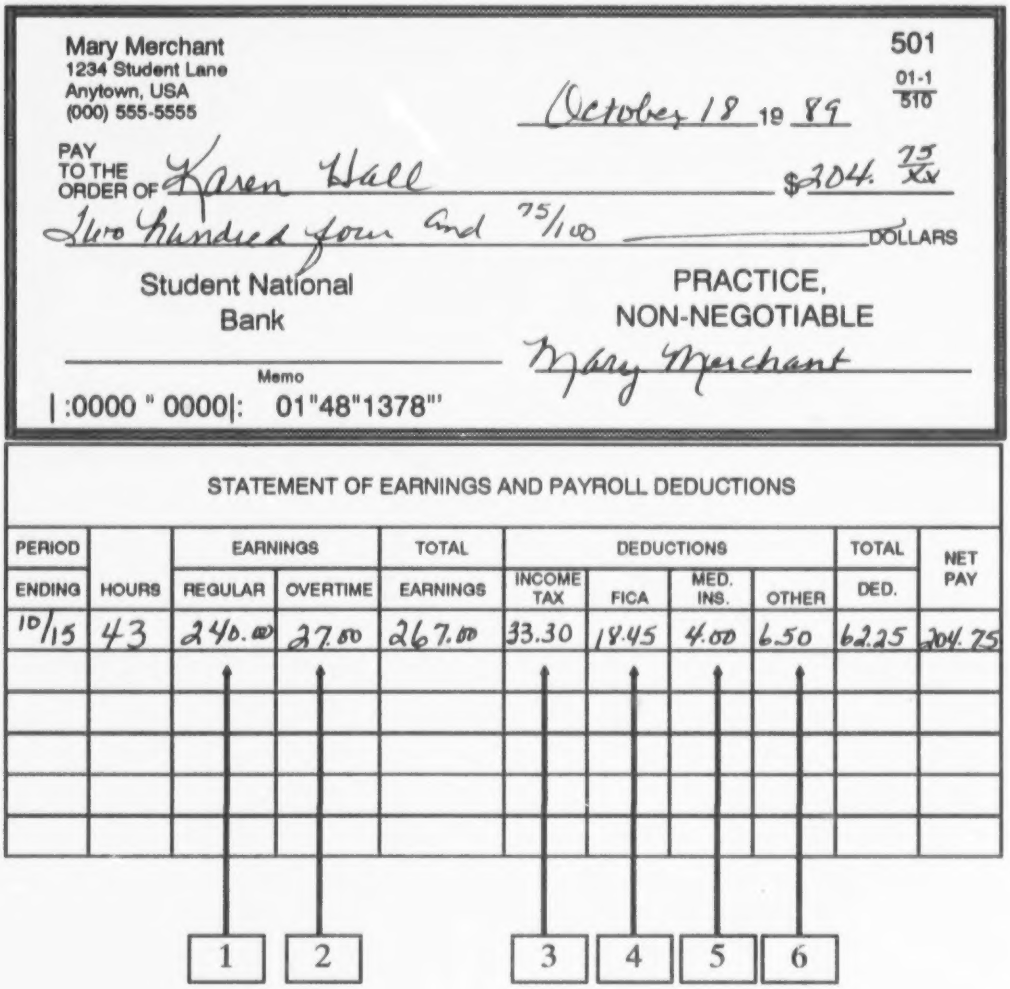
DATE OPENED

INITIAL DEPOSIT $

OBJECTIVE 6 **Analyze deductions on a typical payroll check.**

Employees are paid weekly, semi-monthly, or monthly for their work. They are usually paid by the hour for the number of hours worked or by the piece for the number of items produced. They should be able to check their pay to make sure it is right.

A special payroll check form is used that has a detachable stub on which are recorded earnings and amount deducted. Employees detach the stubs for a record of deductions and cash received.



Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555

501
01-1
510

October 18 19 89

PAY TO THE ORDER OF Karen Hall $204. 75/xx

Two hundred four and 75/100 DOLLARS

Student National Bank

PRACTICE, NON-NEGOTIABLE

Memo

Mary Merchant

|:0000 " 0000|: 01"48"1378"'

STATEMENT OF EARNINGS AND PAYROLL DEDUCTIONS

PERIOD		EARNINGS		TOTAL	DEDUCTIONS				TOTAL	NET PAY
ENDING	HOURS	REGULAR	OVERTIME	EARNINGS	INCOME TAX	FICA	MED. INS.	OTHER	DED.	
10/15	43	240.00	27.00	267.00	33.30	18.45	4.00	6.50	62.25	204.75

Workers who are paid on an hourly rate basis are paid a certain amount for each hour worked. Their total pay for a day or week is called **gross wages**. The total pay is found by multiplying the number of hours worked by the rate per hour.

1. The number of hours of work expected in a regular work day or week is called **regular time or straight time**. All regular time worked is paid at the regular time rate. For example, Karen Hall worked 40 hours one week at the rate of $6 an hour. Her total regular wages was 40 x $6, or $240.

2. Any time worked over regular time is called **overtime**. The usual wage rate for overtime work is one and one half times the regular rate. This wage rate is often called **time and a half**.

   When time and a half is paid for overtime, you figure the overtime pay in two steps:

   a. Multiply the regular hourly rate by 1 1/2 or 1.5 to find the overtime hourly rate. Do not round the result.

   b. Multiply the overtime rate by the number of overtime hours.

   Karen worked three hours overtime.

   $6 regular rate x 1 1/2 = $9 overtime rate.

   $9 overtime rate x 3 = $27.

   In some jobs, any time worked on Sundays or holidays is called **double time**. The double time wage rate is two times the regular rate.

3. The deduction for federal income tax is called the **withholding tax**. The amount to be withheld is shown on tables issued by the government.

   The amount of the withholding tax depends on the worker's wages, whether married or single, and the number of withholding allowances claimed. Worker's may claim one **withholding allowance** for themselves, one for their husband or wife, and one for each child or other dependent.

4. The tax for social security is part of the FEDERAL INSURANCE CONTRIBUTIONS ACT. It is known as the

FICA tax or social security tax. This tax is ___ per cent OF THE FIRST ___ OF THE EMPLOYEE'S ANNUAL WAGES for the year of___. (The tax rate and base are changed from time to time, therefore, you may fill-in the current rate and base for this year).

5. The Hosp. Ins. column is used to record hospital insurance premiums. Most employees choose to subscribe to the company's hospitalization insurance to take advantage of a lower group rate.

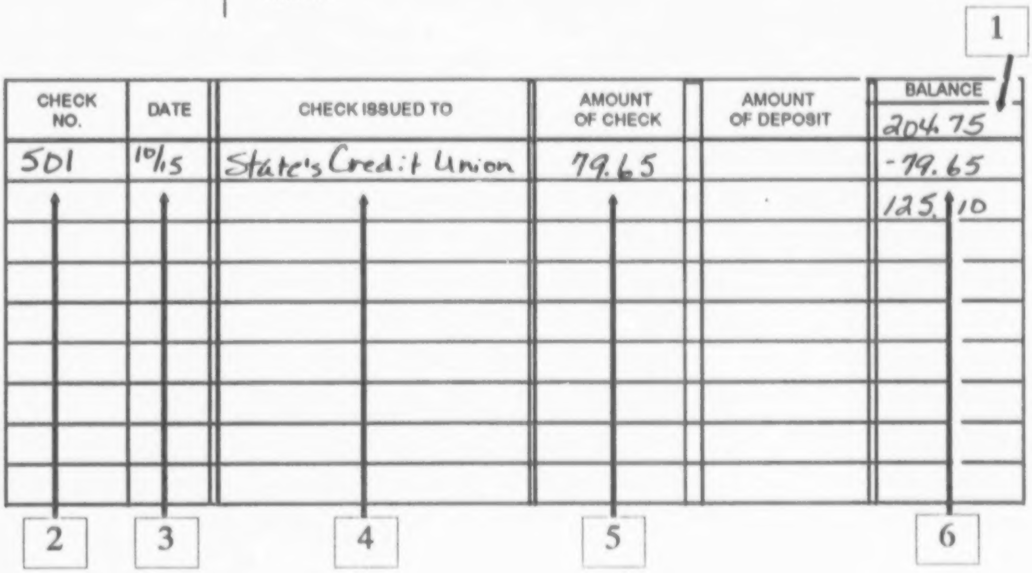
6. The Other column is used to list amounts withheld for which no special column is provided. These withholdings are voluntary deductions requested by an employee. This column might include amounts withheld for buying U.S. Savings Bonds or additional insurance.

OBJECTIVE 7

Record a Check Properly.

Each time you are ready to write a check, enter the proper information in your register or **stub** first. Checks are often returned because of insufficient funds. Avoid that embarrassment by completing the register or stub first.

The illustration shown of the facsimile of a check register a and the steps listed as to the proper way to complete the register as indicated. You should always complete these steps in sequential order.



CHECK NO.	DATE	CHECK ISSUED TO	AMOUNT OF CHECK	AMOUNT OF DEPOSIT	BALANCE
					204.75
501	10/15	State's Credit Union	79.65		-79.65
					125.10

1. First, take a look at your **balance**, which is the amount of money you have in your account. Do you have enough to cover the amount of the check?
2. Write in the number of the check, which you will find printed on the upper right-hand corner of the check.
3. Enter the correct date.
4. Enter the name of the **payee**—the person or company you wish to pay. For the record, you might also mention the product or service you are paying for.
5. Write in the amount of the check.
6. The last step is to **balance your checkbook**. Subtract the amount of this check (step 5) from your previous balance (step 1)—and you have a new, up-to-date balance.

OBJECTIVE 8

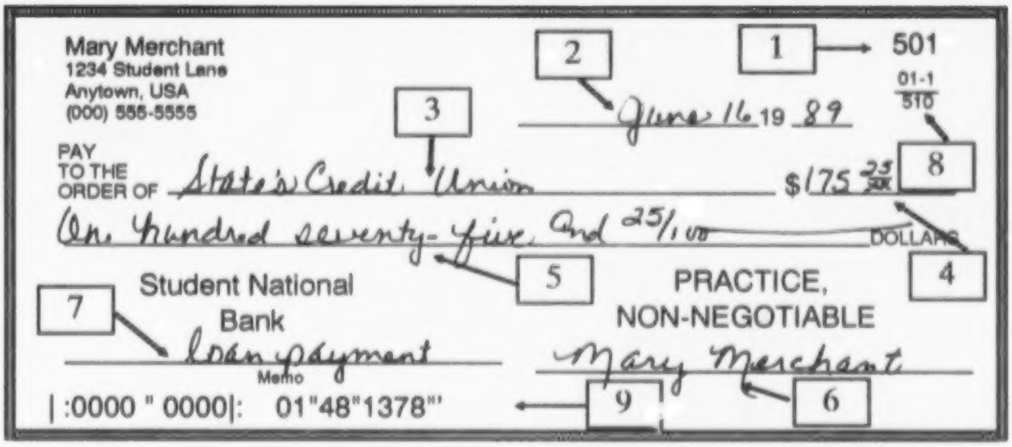
Write a Check Properly.

Check writing and recording is a basic skill needed by the majority of the people in our society. Whether this skill is practiced in a personal or in a professional environment, some general guidelines must be followed:

- Always use blue or black ink in writing and endorsing checks—never pencil.
- Never erase or cross out mistakes. If you have made a mistake, destroy that check, put VOID next to the check number in your register and write a new check.
- Never sign a blank check—a check in which the payee's name and/or the amount of the check is missing.
- Once you have endorsed a check, YOU are liable for its payment. The check clearing process can take from a day to well over a week.

An illustration of a check is shown. The steps in filling out the check are indicated. You should always complete these steps in sequential order.

NOTE: Your check is an order to your bank to give your money on deposit to the person or organization named. Fill it out carefully!



Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555

501
01-1/510

June 16 19 89

PAY TO THE ORDER OF State's Credit Union $175 25/xx

One hundred seventy-five and 25/100 DOLLARS

Student National Bank

PRACTICE, NON-NEGOTIABLE

loan payment
Memo

Mary Merchant

|:0000 " 0000|: 01"48"1378"'

1. Make sure the number of the check (printed in the upper right-hand corner) is the same one you put in your register.
2. Date your check correctly. Never use a future date.
3. Enter the name of the **payee—the person or company you want to pay**.
4. Carefully print the amount you want to pay in numerals as close to the dollar sign as possible.
5. Write the same amount in words, filling in any left over space with a line. This written figure is the one that counts if there is any question about the amount.
6. Sign the check with the same signature you used when you opened your account. Your **signature** is the personal way you write your name. It is your signature which authorizes the bank to pay money out of your account.
7. Often there is a space where you can note which product or service the check is paying for.
8. This number is called the ABA number (American Bankers' Association) and it locates your bank among all others in the country.
9. This is a computer language called MICR encoding (MICR - Magnetic Ink Character Recognition). It describes your bank, its location, and the number of your account. The "language" is used by the Federal Reserve.

OBJECTIVE 9

Complete a Deposit.

After you have opened your account, you will be given your first **deposit slip**, which will show the amount of money you used to open your account. A similar slip will be used each time that you deposit money into your account. After you have deposited your money, you will receive a receipt for your records.

When you deposit cash or checks in your checking account, make a record of it in your check register.

Step 1. Record deposit in check register.

a. Write in the date you make the deposit.

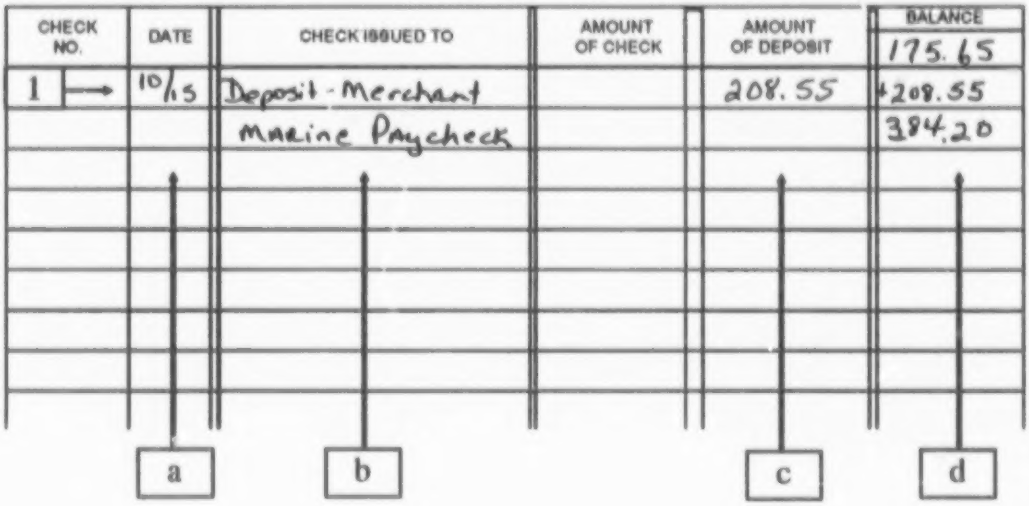
b. Describe the deposit—who it's from, what for, etc.

c. Write in the amount of the deposit.

d. Update your check register.

NOTE: Add the amount of the deposit (step c) to your previous balance, and you have a new— balance.

EXAMPLE:



CHECK NO.	DATE	CHECK ISSUED TO	AMOUNT OF CHECK	AMOUNT OF DEPOSIT	BALANCE
					175.65
1 →	10/15	Deposit - Merchant		208.55	+208.55
		Marine Paycheck			384.20

Step 2. Complete a deposit slip.

a. Write in the date you make the deposit.

b. If you are depositing cash only, list the total amount in the CASH row, the TOTAL row, and the NET DEPOSIT row.

c. If you are depositing one or several checks:

1. List drawers name from the front of the check;

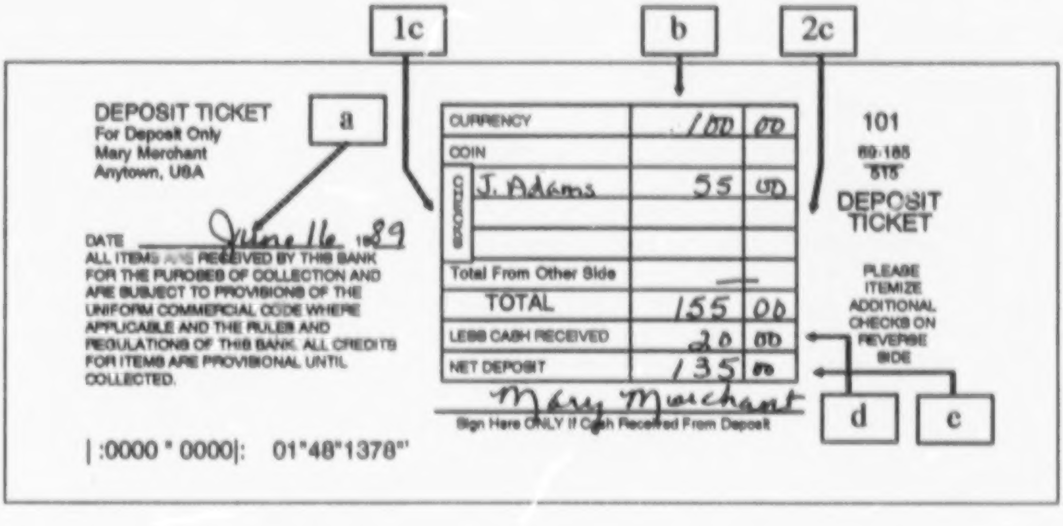
2. Write in the amount of the check.

3. List each check separately, add up the checks, and write the total amount in the TOTAL row, and the NET DEPOSIT row.

4. Endorse each check properly. (TM 1)

d. If you wish to have a portion of a check you are depositing returned to you in cash, list the check in the CHECKS column, then list the amount you want to receive in the LESS CASH RECEIVED row. Subtract this amount when figuring your NET DEPOSIT. NOTE: You may be required to sign the deposit slip for cash received.

e. If you are depositing both cash and checks, list the total cash in the CASH row, list each check separately in the CHECKS column, and add everything in the NET DEPOSIT row.



DEPOSIT TICKET
For Deposit Only
Mary Merchant
Anytown, USA

DATE June 16 1989

ALL ITEMS ARE RECEIVED BY THIS BANK FOR THE PUROSES OF COLLECTION AND ARE SUBJECT TO PROVISIONS OF THE UNIFORM COMMERCIAL CODE WHERE APPLICABLE AND THE RULES AND REGULATIONS OF THIS BANK. ALL CREDITS FOR ITEMS ARE PROVISIONAL UNTIL COLLECTED.

CURRENCY		100	00
COIN			
CHECKS	J. Adams	55	00
Total From Other Side		—	
TOTAL		155	00
LESS CASH RECEIVED		20	00
NET DEPOSIT		135	00

Mary Merchant
Sign Here ONLY If Cash Received From Deposit

101
69-185
515

DEPOSIT TICKET

PLEASE ITEMIZE ADDITIONAL CHECKS ON REVERSE SIDE

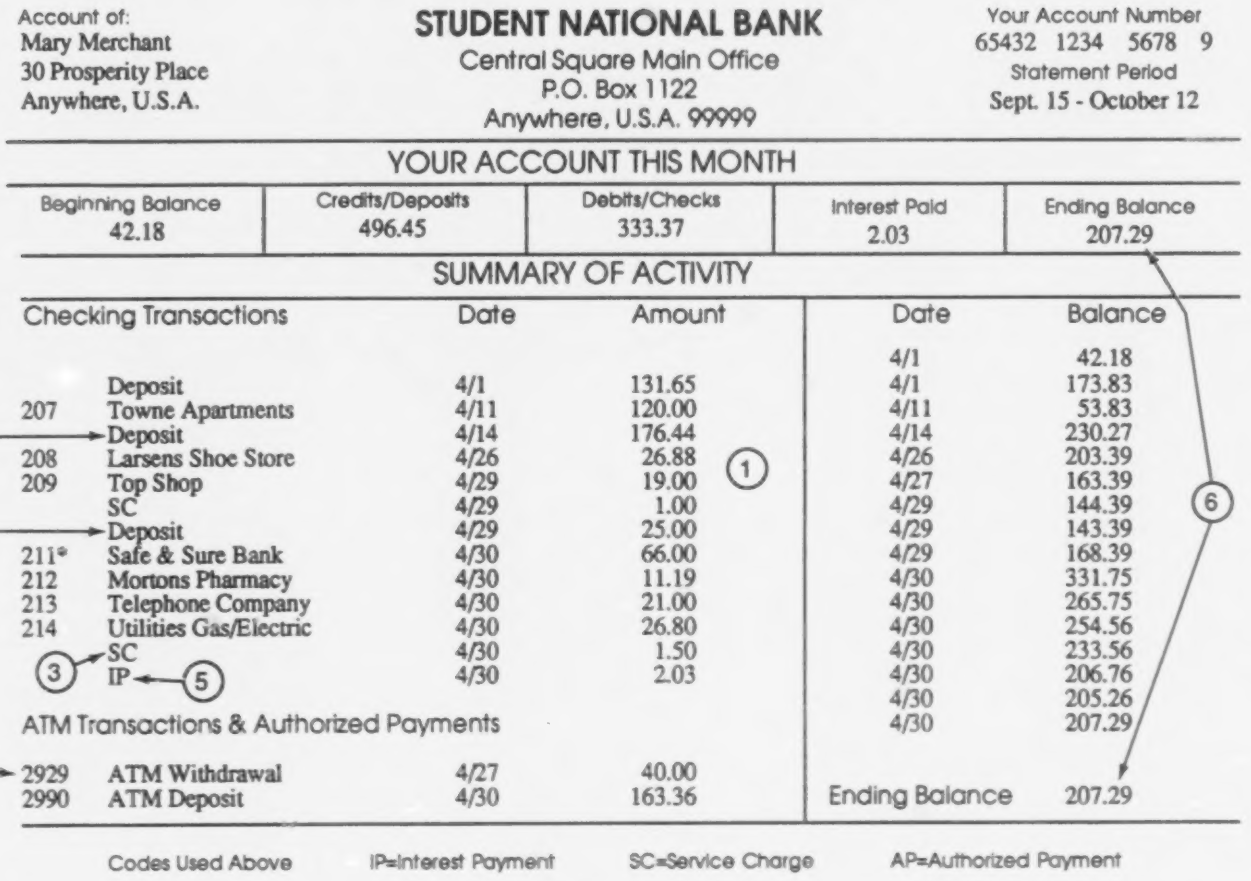
|:0000 " 0000|: 01"48"1378"

OBJECTIVE 10

Reconcile a Financial Institution Statement.

Each month your financial institution sends you a monthly statement. This statement will include information of all checks and deposits that have cleared the financial institution.

EXAMPLE:



Account of:
Mary Merchant
30 Prosperity Place
Anywhere, U.S.A.

STUDENT NATIONAL BANK
Central Square Main Office
P.O. Box 1122
Anywhere, U.S.A. 99999

Your Account Number
65432 1234 5678 9
Statement Period
Sept. 15 - October 12

YOUR ACCOUNT THIS MONTH

Beginning Balance	Credits/Deposits	Debits/Checks	Interest Paid	Ending Balance
42.18	496.45	333.37	2.03	207.29

SUMMARY OF ACTIVITY

Checking Transactions		Date	Amount	Date	Balance
				4/1	42.18
	Deposit	4/1	131.65	4/1	173.83
207	Towne Apartments	4/11	120.00	4/11	53.83
②	Deposit	4/14	176.44	4/14	230.27
208	Larsens Shoe Store	4/26	26.88 ①	4/26	203.39
209	Top Shop	4/29	19.00	4/27	163.39
	SC	4/29	1.00	4/29	144.39 ⑥
②	Deposit	4/29	25.00	4/29	143.39
211*	Safe & Sure Bank	4/30	66.00	4/29	168.39
212	Mortons Pharmacy	4/30	11.19	4/30	331.75
213	Telephone Company	4/30	21.00	4/30	265.75
214	Utilities Gas/Electric	4/30	26.80	4/30	254.56
③	SC	4/30	1.50	4/30	233.56
	IP ⑤	4/30	2.03	4/30	206.76
				4/30	205.26
ATM Transactions & Authorized Payments				4/30	207.29
④ 2929	ATM Withdrawal	4/27	40.00		
2990	ATM Deposit	4/30	163.36	Ending Balance	207.29

Codes Used Above IP=Interest Payment SC=Service Charge AP=Authorized Payment

The statement lists:

1. All the amounts of the cancelled checks.

   NOTE: Some institutions are not returning cancelled checks to customers to save on monthly costs.

2. All deposits made during the statement period.
3. Any **service charge**, which is a small fee for handling the account.
4. Any withdrawals (such as automatic loan payments, transfers to your savings, etc.)
5. Interest earnings
6. Your end-of-the-month balance.

Every statement has a **closing date** and any transactions after that date will appear next month. Your checkbook balance probably will differ from the statement balance because it is likely you made deposits and wrote checks after the closing date. But there is a way to check your figures with the financial institution's.

You will need your checkbook register and statement to reconcile your account.

First, subtract any service charges and withdrawals from your checkbook register. Compare the check register with the statement and place a check by the checks that have cleared the financial institution. Checks not returned are still outstanding and won't be listed on your statement. Leave the check mark space in your register empty to identify each outstanding check.

On the back of your statement is a reconciliation form which makes it easier for you to compute a correct present balance. List all the outstanding checks in the space provided.

EXAMPLE OF RECONCILIATION FORM:

MONTH ______________________________ 19 ____

THIS FORM IS PROVIDED TO HELP YOU
BALANCE THIS STATEMENT

CHECKS AND OTHER WITHDRAWALS
NOT SHOWN ON THIS STATEMENT

NO.	$	
TOTAL	$	

ENDING BALANCE SHOWN ON THIS STATEMENT $ __________

ADD
DEPOSITS NOT SHOWN ON THIS STATEMENT + $ __________

+ __________

+ __________

SUB TOTAL $ __________

SUBTRACT
TOTAL CHECKS AND OTHER CHARGES NOT SHOWN ON THIS STATEMENT - $ __________

BALANCE $ __________

SHOULD AGREE WITH CHECK BOOK BALANCE AFTER DEDUCTING ANY SERVICE CHARGES AND ADDING ANY INTEREST CREDITS SHOWN ON THIS STATEMENT.

IMPORTANT: Even if you wrote a check two or three months ago (or more), if it is still outstanding, you must list it on the reconciliation form. Naturally all checks written after the closing date on the statement will be outstanding. List them all. When you are certain you have listed all outstanding checks, write the total.

Be sure all deposits appear on your statement and in your register. Place a check mark in your register for each deposit listed on your statement. List deposits made after the closing date on your reconciliation form.

You are now ready to complete the reconciliation form. Starting with the statement balance, follow instructions to compute the final figure you should have in your checkbook register, your current balance.

If the figure you computed on the form doesn't match your current register balance, recheck your arithmetic on the form and in your register. Then match the amount listed on the statement for each check and deposit against the amount you listed in your register. For example, you may have recorded $18.00 instead of $18.50. It's a common error.

Even if you are certain you have listed all outstanding checks, double check preceding periods. An outstanding check is often the culprit.

Proceed step by step and keep your mind open to the possibility of an error and you will complete the process successfully. If the financial institution has made an error, it will be corrected.

OBJECTIVE 11

Prepare a budget.

A budget is a spending plan. It will enable you to make the best use of the money you earn. Without a budget, none of us would be able to make our dollars stretch to cover all of our financial needs. You will be budgeting for the rest of your life. If you learn to prepare a realistic household budget now, you will be better prepared to live entirely on your own earnings.

A budget is a good way to control spending habits. It is a form of self-developed protection so that you can live comfortably within your income.

A household budget outlines what you can afford to spend on your needs and wants. You will have to review it periodically according to any increases in your earnings and increases in taxes and prices.

Although budgets vary according to each individual and each household, the following steps can guide you in preparing a budget no matter how much you earn.

Step 1. Add up your reasonable expectation of income from all sources. This figure should include wages, salaries, interest on your financial institution savings, and any other income which you can predict. If you are married, and both parties have income, this can be a budget for your pooled income. This step should give you a total usable income figure.

Step 2. Estimate the amount of taxes and other payroll deductions which will be removed from your total income. If you use the tax withholding process, make sure that enough is actually being withheld from each paycheck to pay for taxes at the end of the year. Other deductions may include insurance, savings, etc. You should develop a percentage figure which can be applied each payday until something changes. The percentage will not be the same for any two people. You will need to develop your own by analyzing your paycheck stub or payroll deduction records.

Step 3. Subtract the deductions and taxes from your total earnings. The balance represents what you have to cover your living expenses.

Step 4. Compute your fixed expenses. These are set amounts which will occur every pay period. These may include: Rent; Monthly Payments; Transportation; Personal Care; Food; and Savings. Some put savings at the top of the list for good reason. In everyone's life, there will be emergencies. Also, getting ahead requires spending money for things like education. These expenses come from savings. An old adage says "Pay Yourself First". It may not be much, but it should be consistent, every payday. It is easy to make mistakes and budget too much or too little at first.

Step 5. Subtract your Fixed Expenses from the Net Income figure you computed by subtracting Payroll Deductions from your total income. The amount you have left is called *Spendable Income* or *Discretionary Income*. It is good to have this money, even if it is not a great amount, because it is through this that you exercise a daily feeling of controlling your own financial destiny. Spendable Income may be used for luxuries, for gifts, for activities with others. Watch the Spendable Income figure over several pay periods. If it seems to be a little high, you may want to increase your fixed amount for savings.

NOTE: Savings cannot be regarded as a luxury which can be changed today or put off until tomorrow.

Step 6. Plan the ways in which you will use Spendable Income. This is every bit a part of the budgeting process (and one of the most enjoyable parts, too). In this planning, you will develop a system of priorities for the short range period ahead. You may decide to spend it on recreation, home improvements, automobile repairs, or anything at all, but it will be *your* decision.

EXAMPLE: The following outline shows how a budget is prepared, based upon the six step method described above. Remember that there are many different ways to prepare budgets. This is a simple approach that will work. You may adapt it to your needs and percentages later.

Step 1. ESTIMATED TOTAL INCOME from all sources (GROSS):

Wages	$13,800/yr.	($1,150/mo.)	
Interest	$ 87.32/yr.	@ 5.25%	
Misc.	$374.68/yr.		
TOTAL INCOME			$14,262.00

Step 2. DEDUCTIONS from payroll (23%): $ 3,174.00

Step 3. Subtract DEDUCTIONS from

TOTAL INCOME: (NET) = $11,088.00

Step 4. Compute FIXED EXPENSES:

Savings	$ 554.40	5.0%	
Food	$ 3,326.40	30.0%	
Housing	$ 3,270.96	29.5%	
Medical/ Dental	$ 665.28	6.0%	
Transportation	$ 1,053.36	9.5%	
Clothing	$ 554.40	5.0%	
		TOTAL FIXED EXPENSES	$ 9,424.80

Step 5. Subtract your TOTAL FIXED EXPENSES from your income after payroll deductions. This will provide you with a SPENDABLE INCOME FIGURE. ($11,088.00 - $9,424.80) = $1,663.20

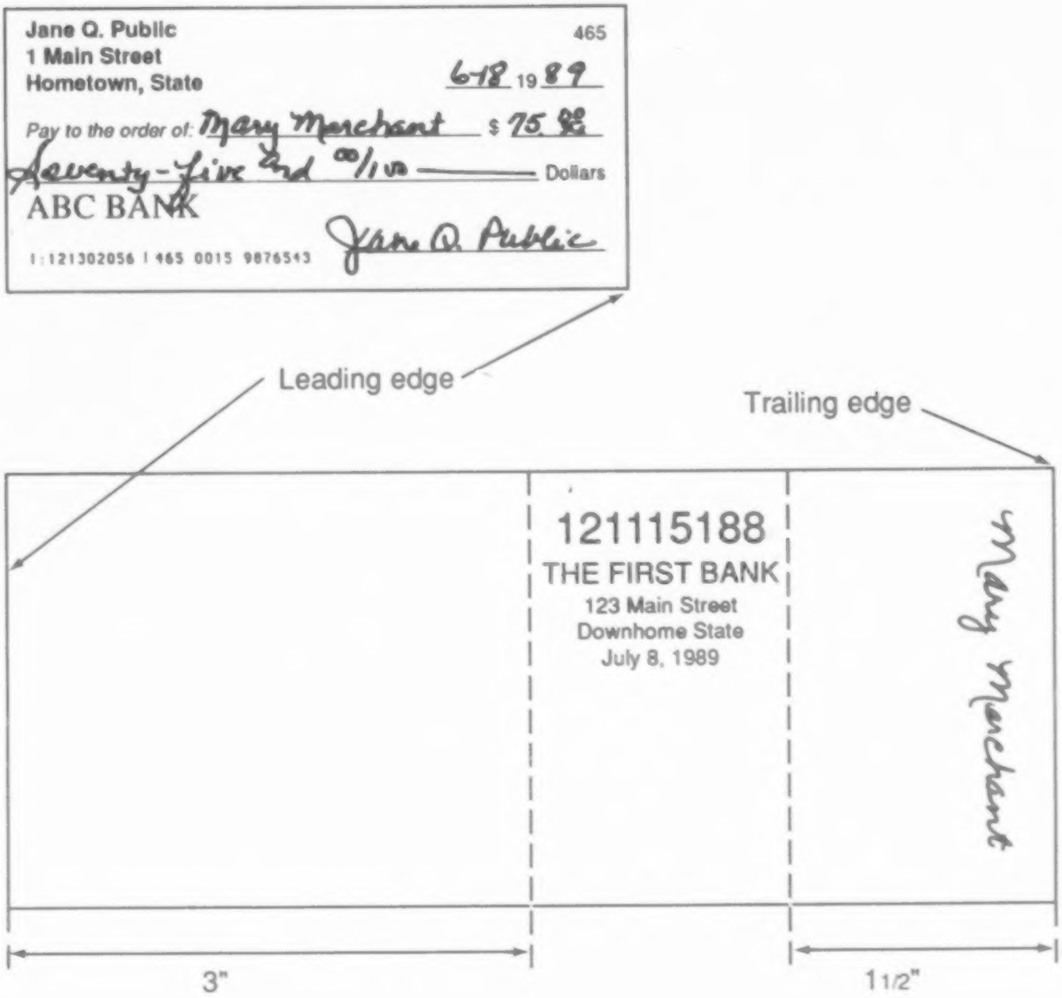
Step 6. Develop a plan for your Spendable Income. (This is only an illustration. You may find a better plan for yourself.)

Divide the annualized Spendable Income figure by 12 to get a more manageable monthly figure to work with. ($1,663.20 divided by 12 = $138.60)

Plan:

$20.00	Entertainment
$20.00	Special Savings Toward Stereo System
$30.00	Special Savings Toward Furniture
$20.00	Gifts
$48.60	Pocket Cash
$138.60	

NOTE: Special Savings are used for "nice to have" things. These savings are not mingled with regular savings set aside for emergencies and unforeseen things. Special Savings of this type is a better approach to luxury goods than high interest charge accounts which cater to people who "want it now" and are willing to pay the price and don't know the price they will end up paying. Think about this!



Jane Q. Public
1 Main Street
Hometown, State

465

6-18 19 89

Pay to the order of: Mary Merchant $ 75.00

Seventy-five and 00/100 —— Dollars

ABC BANK

1:121302056 I 465 0015 9876543

Jane Q. Public

121115188
THE FIRST BANK
123 Main Street
Downhome State
July 8, 1989

Mary Merchant

ASSIGNMENT SHEET 1	**PERSONAL MONEY MANAGEMENT**	**II**

OBJECTIVE 12 **Complete a payroll check stub.**

DIRECTIONS Applying the steps contained in the information sheet, use the information below to answer the questions on earnings, deductions and totals on the payroll check stub provided.

1. Jane Jones worked 40 regular hours for the week of January 10-15 and was paid at the rate of $5 per hour. Calculate her regular earnings for the week.
2. Jane Jones also worked two hours of overtime that same week. She was paid time and a half for those additional hours. What is her overtime pay for this week?
3. Calculate Jane's total hours and write the amount in the appropriate space on the check stub.
4. Calculate Jane's total earnings for the week and write the amount in the appropriate space on the check stub.
5. According to government tables, Jane's withholding tax for the week is $18.80, write the amount in the appropriate space on the check stub.
6. Jane's social security deduction for the week is $13.82, write the amount in the appropriate space on the check stub.
7. In addition to taxes and social security deductions, Jane has $4.50 per week for hospital insurance and $15 per week deducted that is automatically deposited in a savings account. Write these deductions in the appropriate space on the check stub.
8. Calculate Jane's total deductions for the week and write the amount in the appropriate space on the check stub.
9. Calculate Jane's net pay for the week and write the amount in the appropriate space on the check stub.

STATEMENT OF EARNINGS AND PAYROLL DEDUCTIONS

PERIOD		EARNINGS		TOTAL	DEDUCTIONS				TOTAL	NET PAY
ENDING	HOURS	REGULAR	OVERTIME	EARNINGS	INCOME TAX	FICA	MED. INS.	OTHER	DED.	

ASSIGNMENT SHEET 2

PERSONAL MONEY MANAGEMENT II

OBJECTIVE 13 **Complete a Check Register Correctly.**

DIRECTIONS After reading the steps contained in the information sheet, use the following information to fill in the blank check register below.

1. Your checking account balance is $722.05. On January 12, you use check number 133 to write a check for $220.00 to Joe's Car Repair. Record the information in the correct spaces on the register and balance your checkbook.
2. On January 13, you write check number 134 for $31 for groceries at your local Pak 'n Sak. Record the amount in the correct spaces on the register and balance your checkbook.
3. On January 20, you write check number 135 for $45 to pay on your stereo system at Sound Alive. Record the amount in the correct spaces on the register and balance your checkbook.
4. On January 23, you write check number 136 for cash for $25. Record the amount in the correct spaces on the register and balance your checkbook.
5. On January 30, you write check number 137 for $286 for your car payment at Student National Bank. Record the amount in the correct spaces on the register and balance yourcheckbook.
6. What is your ending checkbook balance?

CHECK NO	DATE	CHECK ISSUED TO	AMOUNT OF CHECK		AMOUNT OF DEPOSIT		BALANCE

ASSIGNMENT SHEET 3

PERSONAL MONEY MANAGEMENT II

OBJECTIVE 14 **Fill in a check properly.**

DIRECTIONS After reading the guidelines provided in the information sheet, use the information below to fill out a blank check.

On September 17, you spend $19 22 to buy groceries at Glen's Foodmart. Fill out the blank check with the appropriate information.

On September 23, you spend $96.95 to buy local household products at Household Headquarters.

Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555

501

01-1
510

________________ 19 ____

PAY
TO THE
ORDER OF ______________________________ $ ________

______________________________________ DOLLARS

Student National
Bank

PRACTICE,
NON-NEGOTIABLE

____________________ ____________________

Memo

|:0000 " 0000|: 01"48"1378"'

Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555

502

01-1
510

________________ 19 ____

PAY
TO THE
ORDER OF ______________________________ $ ________

______________________________________ DOLLARS

Student National
Bank

PRACTICE,
NON-NEGOTIABLE

____________________ ____________________

Memo

|:0000 " 0000|: 01"48"1378"'

ASSIGNMENT SHEET 4

PERSONAL MONEY MANAGEMENT II

OBJECTIVE 15 **Fill out a deposit slip correctly.**

DIRECTIONS Applying the guidelines outlined in the information sheet, use the information below to correctly fill in a deposit slip. Remember to check your work.

1. On October 2, you deposit a paycheck for $127.09 from a summer job at Mini Market. The ABA number on the check is 77-04. On the same day, you deposit a check for $51.00 given to you by your grandmother, Mrs. Howard. You decide to keep $15 in cash when you make the deposit. Fill out the slip using this information and calculate your net deposit.

2. On October 15, you deposit a paycheck for $135.77 from your summer job at Mini Market. You need to deposit at least $68 of this check and would like to have the rest of the check in cash. Fill out the deposit slip using this information and calculate your net deposit.

3. On October 25, you receive a refund check for $29.79 for records ordered from Columbian Record club. Endorse the check properly and fill out the deposit slip using this information.

4. On October 31, you receive another paycheck for $127.09 from the Mini Market. You also received a traveler's check from your mother for $25. You decide to keep at least $25. for spending money for the weekend. Fill out the deposit slip using this information and calculate your net deposit.

DEPOSIT TICKET
For Deposit Only
Mary Merchant
Anytown, USA

DATE ____________________ 19__

ALL ITEMS ARE RECEIVED BY THIS BANK FOR THE PUROSES OF COLLECTION AND ARE SUBJECT TO PROVISIONS OF THE UNIFORM COMMERCIAL CODE WHERE APPLICABLE AND THE RULES AND REGULATIONS OF THIS BANK. ALL CREDITS FOR ITEMS ARE PROVISIONAL UNTIL COLLECTED.

CURRENCY		
COIN		
CHECKS		
Total From Other Side		
TOTAL		
LESS CASH RECEIVED		
NET DEPOSIT		

____
Sign Here ONLY If Cash Received From Deposit

101

69-165
515

DEPOSIT TICKET

PLEASE ITEMIZE ADDITIONAL CHECKS ON REVERSE SIDE

| :0000 " 0000|: 01"48"1378"'

DEPOSIT TICKET

For Deposit Only
Mary Merchant
Anytown, USA

DATE ______________________ 19__

ALL ITEMS ARE RECEIVED BY THIS BANK FOR THE PUROSES OF COLLECTION AND ARE SUBJECT TO PROVISIONS OF THE UNIFORM COMMERCIAL CODE WHERE APPLICABLE AND THE RULES AND REGULATIONS OF THIS BANK. ALL CREDITS FOR ITEMS ARE PROVISIONAL UNTIL COLLECTED.

CURRENCY		
COIN		
CHECKS		
Total From Other Side		
TOTAL		
LESS CASH RECEIVED		
NET DEPOSIT		

____
Sign Here ONLY If Cash Received From Deposit

102

69-185
515

DEPOSIT TICKET

PLEASE ITEMIZE ADDITIONAL CHECKS ON REVERSE SIDE

|:0000 " 0000|: 01"48"1378"'

DEPOSIT TICKET

For Deposit Only
Mary Merchant
Anytown, USA

DATE ______________________ 19__

ALL ITEMS ARE RECEIVED BY THIS BANK FOR THE PUROSES OF COLLECTION AND ARE SUBJECT TO PROVISIONS OF THE UNIFORM COMMERCIAL CODE WHERE APPLICABLE AND THE RULES AND REGULATIONS OF THIS BANK. ALL CREDITS FOR ITEMS ARE PROVISIONAL UNTIL COLLECTED.

CURRENCY		
COIN		
CHECKS		
Total From Other Side		
TOTAL		
LESS CASH RECEIVED		
NET DEPOSIT		

____
Sign Here ONLY If Cash Received From Deposit

103

69-185
515

DEPOSIT TICKET

PLEASE ITEMIZE ADDITIONAL CHECKS ON REVERSE SIDE

|:0000 " 0000|: 01"48"1378"'

DEPOSIT TICKET

For Deposit Only
Mary Merchant
Anytown, USA

DATE ______________________ 19__

ALL ITEMS ARE RECEIVED BY THIS BANK FOR THE PUROSES OF COLLECTION AND ARE SUBJECT TO PROVISIONS OF THE UNIFORM COMMERCIAL CODE WHERE APPLICABLE AND THE RULES AND REGULATIONS OF THIS BANK. ALL CREDITS FOR ITEMS ARE PROVISIONAL UNTIL COLLECTED.

CURRENCY		
COIN		
CHECKS		
Total From Other Side		
TOTAL		
LESS CASH RECEIVED		
NET DEPOSIT		

____
Sign Here ONLY If Cash Received From Deposit

104

69-185
515

DEPOSIT TICKET

PLEASE ITEMIZE ADDITIONAL CHECKS ON REVERSE SIDE

|:0000 " 0000|: 01"48"1378"'

ASSIGNMENT SHEET 5

PERSONAL MONEY MANAGEMENT

II

OBJECTIVE 16 **Properly complete a reconciliation statement.**

DIRECTIONS Find the available bank balance in each of the following problems:

Date	Bank Stmnt balance	Outstanding Checks	Late Deposit not recorded on Bank Statement
1. Jan. 31	$546.90	$47.53; $7.47; $51.80	$95

MONTH ______________________ 19 ___

THIS FORM IS PROVIDED TO HELP YOU BALANCE THIS STATEMENT

CHECKS AND OTHER WITHDRAWALS NOT SHOWN ON THIS STATEMENT

NO.	$	
TOTAL	$	

ENDING BALANCE SHOWN ON THIS STATEMENT $ __________

ADD
DEPOSITS NOT SHOWN ON THIS STATEMENT + $ __________
+ __________
+ __________

SUB TOTAL $ __________

SUBTRACT
TOTAL CHECKS AND OTHER CHARGES NOT SHOWN ON THIS STATEMENT - $ __________

BALANCE $ __________
SHOULD AGREE WITH CHECK BOOK BALANCE AFTER DEDUCTING ANY SERVICE CHARGES AND ADDING ANY INTEREST CREDITS SHOWN ON THIS STATEMENT.

Date	Bank Stmnt balance	Outstanding Checks	Late Deposit not recorded on Bank Statement
2. July 31	170.55	$4.25; $15.20; $6.75	25

MONTH ______________________ 19 ___

THIS FORM IS PROVIDED TO HELP YOU BALANCE THIS STATEMENT

CHECKS AND OTHER WITHDRAWALS NOT SHOWN ON THIS STATEMENT

NO.	$	
TOTAL	$	

ENDING BALANCE SHOWN ON THIS STATEMENT $ __________

ADD

DEPOSITS NOT SHOWN ON THIS STATEMENT + $ __________

+ __________

+ __________

SUB TOTAL $ __________

SUBTRACT

TOTAL CHECKS AND OTHER CHARGES NOT SHOWN ON THIS STATEMENT - $ __________

BALANCE $ __________

SHOULD AGREE WITH CHECK BOOK BALANCE AFTER DEDUCTING ANY SERVICE CHARGES AND ADDING ANY INTEREST CREDITS SHOWN ON THIS STATEMENT.

OBJECTIVE 17 **Complete a Budget.**

DIRECTIONS Using the budgeting steps outlined in the Procedure Sheet above, prepare the following budget for an average young household:

STEP 1. Estimated TOTAL INCOME from all sources:

Wages	Husband's Income	$14,000.
	Wife's Income	$14,000.
Interest	Savings Account	$ 540.
Misc.:		$ 300.

TOTAL GROSS INCOME $________

STEP 2. Compute DEDUCTIONS from payroll at 23%: $________

STEP 3. Subtract PAYROLL DEDUCTIONS from GROSS INCOME to obtain a NET INCOME FIGURE: $________

STEP 4. Compute FIXED EXPENSES (apply percentages to Net Income):

Savings	5.0%	$________
Food	30.0%	$________
Housing	29.5%	$________
Medical/Dental	6.0%	$________
Transportation	9.5%	$________
Clothing	7.5%	$________
Personal Care	5.0%	$________
TOTAL FIXED EXPENSES		$________

STEP 5. Subtract TOTAL FIXED EXPENSES from NET INCOME to obtain your SPENDABLE INCOME figure: $

STEP 6. Develop a plan for your SPENDABLE INCOME. Your plan will be your own and will be unique. You will find it easier, however, to take your annualized budget and divide each figure by 12 to make up a monthly "working budget." This will be especially true of your SPENDABLE INCOME plan.

ASSIGNMENT ANSWERS

PERSONAL MONEY MANAGEMENT

II

ASSIGNMENT SHEET #1

STATEMENT OF EARNINGS AND PAYROLL DEDUCTIONS										
PERIOD		EARNINGS		TOTAL	DEDUCTIONS				TOTAL	NET PAY
ENDING	HOURS	REGULAR	OVERTIME	EARNINGS	INCOME TAX	FICA	MED. INS.	OTHER	DED.	
10/15	42	200.00	15.00	215.00	18.80	13.82	4.50	15.00	52.12	162.88

ASSIGNMENT SHEET #2

CHECK NO.	DATE	CHECK ISSUED TO	AMOUNT OF CHECK	AMOUNT OF DEPOSIT	BALANCE
					722.05
133	1/12	Joe's Car Repair	220.00		-220.00
					502.05
134	1/13	Pak 'n Sak	31.00		- 31.00
					471.05
135	1/20	Sound Alive	45.00		-45.00
					426.05
136	1/23	Cash	25.00		-25.00
					401.05
137	1/30	Student Nat'l Bank	286.00		-286.00
					115.05

ASSIGNMENT SHEET 3

Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555

501

01-1
510

September 17 19 --

PAY TO THE ORDER OF Glen's Foodmart $ 19. 22/xx

Nineteen and 22/100 DOLLARS

Student National Bank

PRACTICE, NON-NEGOTIABLE

Groceries
Memo

Mary Merchant

|:0000 " 0000|: 01"48"1378"'

Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555

502

01-1
510

September 23 19 --

PAY TO THE ORDER OF Household Headquarters $ 96. 95/xx

Ninty six and 95/100 DOLLARS

Student National Bank

PRACTICE, NON-NEGOTIABLE

household products
Memo

Mary Merchant

|:0000 " 0000|: 01"48"1378"'

ASSIGNMENT SHEET 4

DEPOSIT TICKET

For Deposit Only
Mary Merchant
Anytown, USA

DATE October 2 19--

ALL ITEMS ARE RECEIVED BY THIS BANK FOR THE PUROSES OF COLLECTION AND ARE SUBJECT TO PROVISIONS OF THE UNIFORM COMMERCIAL CODE WHERE APPLICABLE AND THE RULES AND REGULATIONS OF THIS BANK. ALL CREDITS FOR ITEMS ARE PROVISIONAL UNTIL COLLECTED.

CURRENCY		
COIN		
CHECKS 77-04	127	09
G. Howard	51	00
Total From Other Side	—	
TOTAL	178	09
LESS CASH RECEIVED	-15	00
NET DEPOSIT	163	09

Mary Merchant
Sign Here ONLY If Cash Received From Deposit

|:0000 " 0000|: 01"48"1378"'

101

69-185
515

DEPOSIT TICKET

PLEASE ITEMIZE ADDITIONAL CHECKS ON REVERSE SIDE

DEPOSIT TICKET

For Deposit Only
Mary Merchant
Anytown, USA

DATE October 15 19--

ALL ITEMS ARE RECEIVED BY THIS BANK FOR THE PUROSES OF COLLECTION AND ARE SUBJECT TO PROVISIONS OF THE UNIFORM COMMERCIAL CODE WHERE APPLICABLE AND THE RULES AND REGULATIONS OF THIS BANK. ALL CREDITS FOR ITEMS ARE PROVISIONAL UNTIL COLLECTED.

CURRENCY		
COIN		
CHECKS Mini Market	135	77
Total From Other Side	—	
TOTAL	135	77
LESS CASH RECEIVED	67	77
NET DEPOSIT	68	00

Mary Merchant
Sign Here ONLY If Cash Received From Deposit

|:0000 " 0000|: 01"48"1378"'

102

69-185
515

DEPOSIT TICKET

PLEASE ITEMIZE ADDITIONAL CHECKS ON REVERSE SIDE

DEPOSIT TICKET

For Deposit Only
Mary Merchant
Anytown, USA

DATE October 25 19--

ALL ITEMS ARE RECEIVED BY THIS BANK FOR THE PUROSES OF COLLECTION AND ARE SUBJECT TO PROVISIONS OF THE UNIFORM COMMERCIAL CODE WHERE APPLICABLE AND THE RULES AND REGULATIONS OF THIS BANK. ALL CREDITS FOR ITEMS ARE PROVISIONAL UNTIL COLLECTED.

CURRENCY		
COIN		
CHECKS Columbian	29	79
Total From Other Side	—	
TOTAL	29	79
LESS CASH RECEIVED	—	
NET DEPOSIT	29	79

Sign Here ONLY If Cash Received From Deposit

|:0000 " 0000|: 01"48"1378"'

103

69-185
515

DEPOSIT TICKET

PLEASE ITEMIZE ADDITIONAL CHECKS ON REVERSE SIDE

DEPOSIT TICKET
For Deposit Only
Mary Merchant
Anytown, USA

DATE October 31 19--

ALL ITEMS ARE RECEIVED BY THIS BANK FOR THE PUROSES OF COLLECTION AND ARE SUBJECT TO PROVISIONS OF THE UNIFORM COMMERCIAL CODE WHERE APPLICABLE AND THE RULES AND REGULATIONS OF THIS BANK. ALL CREDITS FOR ITEMS ARE PROVISIONAL UNTIL COLLECTED.

CURRENCY		
COIN		
CHECKS Mini Market	127	09
G. Merchant	25	00
Total From Other Side	—	
TOTAL	152	09
LESS CASH RECEIVED	25	00
NET DEPOSIT	127	09

Mary Merchant
Sign Here ONLY If Cash Received From Deposit

104
69-185
515

DEPOSIT TICKET

PLEASE ITEMIZE ADDITIONAL CHECKS ON REVERSE SIDE

|:0000 " 0000|: 01"48"1378"'

ASSIGNMENT SHEET 5

1.

MONTH January 31, 19--

THIS FORM IS PROVIDED TO HELP YOU BALANCE THIS STATEMENT

CHECKS AND OTHER WITHDRAWALS NOT SHOWN ON THIS STATEMENT

NO.	$	
	47	53
	7	47
	51	80
TOTAL	$ 106	80

ENDING BALANCE SHOWN ON THIS STATEMENT $ 546.90

ADD
DEPOSITS NOT SHOWN ON THIS STATEMENT + $ 95.00
+
+

SUB TOTAL $ 641.90

SUBTRACT
TOTAL CHECKS AND OTHER CHARGES NOT SHOWN ON THIS STATEMENT - $ 106.80

BALANCE $ 535.10

SHOULD AGREE WITH CHECK BOOK BALANCE AFTER DEDUCTING ANY SERVICE CHARGES AND ADDING ANY INTEREST CREDITS SHOWN ON THIS STATEMENT.

2.

MONTH July 31 19 --

THIS FORM IS PROVIDED TO HELP YOU
BALANCE THIS STATEMENT

CHECKS AND OTHER WITHDRAWALS
NOT SHOWN ON THIS STATEMENT

NO.	$ 4	25
	15	20
	6	75
TOTAL	$ 26	20

ENDING BALANCE SHOWN ON THIS STATEMENT $ 170.55

ADD

DEPOSITS NOT SHOWN ON THIS STATEMENT + $ 25.00

+

+

SUB TOTAL $ 195.55

SUBTRACT

TOTAL CHECKS AND OTHER CHARGES NOT SHOWN ON THIS STATEMENT - $ 26.20

BALANCE $ 169.35

SHOULD AGREE WITH CHECK BOOK BALANCE AFTER DEDUCTING ANY SERVICE CHARGES AND ADDING ANY INTEREST CREDITS SHOWN ON THIS STATEMENT.

ASSIGNMENT SHEET 6

STEP 1. Estimated TOTAL INCOME from all sources:

Wages	Husband's Income	$14,000.
	Wife's Income	$14,000.
Interest	Savings Account	$ 540.
Misc.:		$ 300.

TOTAL GROSS INCOME $ 28,840.

STEP 2. Compute DEDUCTIONS from payroll at 23%: $ 6,440.

STEP 3. Subtract PAYROLL DEDUCTIONS from GROSS INCOME to obtain a NET INCOME FIGURE: $ 22,400.

STEP 4. Compute FIXED EXPENSES (apply percentages to Net Income):

Savings	5.0%	$ 1,120.
Food	30.0%	$ 6,720.
Housing	29.5%	$ 6,608.
Medical/Dental	6.0%	$ 1,344.
Transportation	9.5%	$ 2,128.
Clothing	7.5%	$ 1,680.
Personal Care	5.0%	$ 1,120.

TOTAL FIXED EXPENSES $ 20,720.

STEP 5. Subtract TOTAL FIXED EXPENSES from NET INCOME to obtain your SPENDABLE INCOME figure: $ 1,680.

STEP 6. Develop a plan for your SPENDABLE INCOME. Your plan will be your own and will be unique. You will find it easier, however, to take your annualized budget and divide each figure by 12 to make up a monthly "working budget." This will be especially true of your SPENDABLE INCOME plan.

WRITTEN TEST

PERSONAL MONEY MANAGEMENT II

NAME ______________________________ SCORE ________

OBJECTIVE 1

Match terms associated with financial institutions to their correct definitions. Match the terms to their correct definitions and place the correct letter in the blank.

___1. A nongovernmental financial institution that provides such services as checking accounts, savings accounts, credit and loan arrangements, and safe deposit rentals; sells and redeems U.S. Savings Bonds

___2. A precise list or enumeration of monetary transactions

___3 An institution which receives, lends, borrows, exchanges, issues, and safeguards money

___4. To update your checkbook register with the records of the financial institution

___5. The amount of money a person or company puts into a savings or checking account or the act of putting money into an account

___6. A person or company who deposits money in a financial institution

___7. Relating to the frequency to which the interest is computed and added to the principal to arrive at a new balance

___8. A financial institution with a full spectrum of money services for your use Examples: Community financial institution, full service financial institution, and commercial financial institution are all different names for the same thing.

a. Account
b. Financial institution
c. Commercial institution
d. Deposit
e. Depositor
f. Check
g. Federal Reserve System
h. Full Service Bank
i. Outstanding checks
j. Deposits in transit
k. Service charge
l. Reconcile
m. Compound interest
n. Deposit slip
o. Simple interest
p. Cancelled check
q. FDIC

___ 9. Checks that have been written but have not yet cleared the customer's account at the financial institution

___ 10. Deposits made but funds have not yet been collected by the financial institution

___ 11. An amount of money charged by the financial institution to the customer to maintain a checking account

___ 12. A form provided by the financial institution to record the amount of money placed in an account

___ 13. A check that has been paid and charged against the customer's account

___ 14. Interest that is computed on a percentum rate of the principal borrowed for a given period of time

___ 15. A demand draft drawn on a financial institution

OBJECTIVE 2

Name factors to consider when selecting a financial institution. Read the following scenarios and determine which factor would pertain to that person. Write the letter of the correct answer in the blank.

___ 1. Jay is looking for a financial institution that offers a check guarantee card, travelers checks, and a loan to buy farm equipment.

___ 2. Joan is looking for a financial institution where the tellers are friendly and will know her name when she walks in the door.

___ 3. John wants to find a financial institution with drive-through windows that will be opened until 6:30 p.m. weekdays.

a. Services

b. Conditions and charges for services

c. Convenient hours and

d. Chance to build a credit rating

e. Treatment of patrons

___4. Sally is looking for a financial institution that won't charge her for cashier's checks and will cover any outstanding checks.

___5. Kelly is a businessman who is a member of the local Chamber of Commerce. He wants to find a financial institution with similar interests.

___6. Mel wants to buy a new car, but has been turned down by several institutions because he does not have a "financial identity." He wants to find a financial institution that will help him establish this.

f. Financial Institution's involvement in the community

OBJECTIVE 3

State different types of personal checking accounts. Read the following scenarios and write the correct answer in the blanks.

1. Jason wants a checking account that will allow him to write checks when necessary.

   ____

2. Gayle wants a checking account with her husband and does not want to have to maintain any certain balance.

   ____

3. Sandy doesn't want to keep a large minimum balance in her account and is willing to pay a monthly maintenance fee and a fee for each check she writes.

   ____

4. Bill wants an account that will allow him to write checks and not pay any service charge; he is willing to maintain a required minimum balance.

   ____

OBJECTIVE 4

Describe five advantages of a checking account. Write the correct answers in the blanks.

OBJECTIVE 5

State factors to consider when opening a checking account. Name four forms of identification you may be required to present.

OBJECTIVE 6

Correctly fill in deductions on a typical payroll check. Use the information on the following page to fill in the earnings, deductions and totals on the blank payroll check stub provided.

1. Joe Boggs worked 40 regular hours for the week of August 10-15 and was paid at the rate of $6 per hour. Calculate his regular earnings and place the amount in the appropriate space on the check stub.
2. Joe also worked three hours of overtime that same week. He was paid time and a half for those additional hours. Calculate his overtime earnings and place the amount in the appropriate space on the check stub.
3. Calculate Joe's total hours and write the amount in the appropriate space on the check stub.
4. Calculate Joe's total earnings and write the amount in the appropriate space on the check stub.
5. According to government tables, Joe's withholding tax for the week is $24.90. Place the amount in the appropriate space on his check stub.

6. Joe's social security deduction for the week was $15.72. Place the amount in the appropriate space on the check stub.
7. Joe's employer deducts $4.25 per week for hospital insurance. Place the amount in the appropriate space on the check stub.
8. Joe has $15 per week deducted from his check to be automatically deposited into a savings account. Place that amount in the appropriate space on the check stub.
9. Calculate Joe's total deductions for the week and write the amount in the appropriate space on the check stub.
10. Calculate Joe's net pay and write the amount in the appropriate space on the check stub.

STATEMENT OF EARNINGS AND PAYROLL DEDUCTIONS

PERIOD	HOURS	EARNINGS		TOTAL	DEDUCTIONS				TOTAL	NET PAY
ENDING		REGULAR	OVERTIME	EARNINGS	INCOME TAX	FICA	MED. INS.	OTHER	DED.	

OBJECTIVES 7 through 9

Record a check properly.

Write a check properly.

Complete a deposit slip.

DIRECTIONS

The following is your monthly checking activity. After completing each stub and check correctly, ALSO make a similar entry in the check register supplied by your instructor. The instructor will also supply you with blank checks and deposit slips. Be sure to balance your checkbook each time you make a transaction. Your present balance is $123.06.

1. You receive paycheck #1014 from a summer job at Quik Car Wash for $127.50. You make a deposit on July 1 using the first deposit ticket.

2. On July 2, you have your car serviced and write check #501 to Carl's Auto Service for $45.85.

3. You buy two record albums on July 5 and write check #502 for $12.54 to Star-Marker Records.

4. Your Mother's birthday calls for some shopping, and you write check #503 for $21.83 to the Curio Shop on July 7.

5. On July 10, you receive check #7909 for $176.40 for summer work at Joe's Pizza Shack and deposit $150.00 using the second deposit ticket.

6. Your monthly stereo payment of $36 at the Sound Lab is due on July 12 and you write check #504 for that amount.

7. A friend repays you a loan of $30 in cash on July 15, and you deposit it using your third deposit ticket.

8. You purchased some new clothes on July 15 at Gentry-Sport and wrote check #505 for $80.56.

9. You need to get some cash for an evening out, so you use the bank's automated teller machine on July 16 to make a $25 withdrawal from your checking account.

10. On July 18, you visit your dentist and write Dr. J.L. Baker check #506 for $21.00.

11. On July 20, you make your quarterly car insurance payment of $69.00. Write check #507 to Car Coverage, Inc. for that amount.

12. On July 21, you deposit $50.00 cash into your account from money received for your birthday on your fourth deposit ticket.

13. On July 22, you purchase party supplies from Fine's Market and write check #508 for $26.18.

14. On July 25, your neighbor gives you $20.00 in cash for running errands for him, and you deposit $20 using your fifth deposit ticket.

15. You purchase some books on July 26 at the Mentor Book Shop for $16.79 and write check #509.

16. On July 28, you receive another payment of $242.57 by check #1094 for your summer job at Quik Car Wash and deposit $175.00 in your account using your sixth deposit ticket.

CHECK NO.	DATE	CHECK ISSUED TO	AMOUNT OF CHECK		AMOUNT OF DEPOSIT	BALANCE

Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555

501

01-1
510

____________________19 _____

PAY
TO THE
ORDER OF ____ $ ____________

____DOLLARS

Student National
Bank

PRACTICE,
NON-NEGOTIABLE

Memo

|:0000 " 0000|: 01"48"1378"'

Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555

502

01-1
510

____________________19 _____

PAY
TO THE
ORDER OF ____ $ ____________

____DOLLARS

Student National
Bank

PRACTICE,
NON-NEGOTIABLE

Memo

|:0000 " 0000|: 01"48"1378"'

Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555

503

01-1
510

____________________19 _____

PAY
TO THE
ORDER OF ____ $ ____________

____DOLLARS

Student National
Bank

PRACTICE,
NON-NEGOTIABLE

Memo

|:0000 " 0000|: 01"48"1378"'

Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555

504

01-1
510

__________________ 19 ____

PAY
TO THE
ORDER OF ____ $ __________

____ DOLLARS

Student National
Bank

PRACTICE,
NON-NEGOTIABLE

____
Memo

____

|:0000 " 0000|: 01"48"1378"'

Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555

505

01-1
510

__________________ 19 ____

PAY
TO THE
ORDER OF ____ $ __________

____ DOLLARS

Student National
Bank

PRACTICE,
NON-NEGOTIABLE

____
Memo

____

|:0000 " 0000|: 01"48"1378"'

Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555

506

01-1
510

__________________ 19 ____

PAY
TO THE
ORDER OF ____ $ __________

____ DOLLARS

Student National
Bank

PRACTICE,
NON-NEGOTIABLE

____
Memo

____

|:0000 " 0000|: 01"48"1378"'

Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555

507

01-1
510

______________ 19 ____

PAY
TO THE
ORDER OF ______________________________ $ ________

______________________________ DOLLARS

Student National
Bank

PRACTICE,
NON-NEGOTIABLE

____
Memo

|:0000 " 0000|: 01"48"1378"'

Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555

508

01-1
510

______________ 19 ____

PAY
TO THE
ORDER OF ______________________________ $ ________

______________________________ DOLLARS

Student National
Bank

PRACTICE,
NON-NEGOTIABLE

____
Memo

|:0000 " 0000|: 01"48"1378"'

Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555

509

01-1
510

______________ 19 ____

PAY
TO THE
ORDER OF ______________________________ $ ________

______________________________ DOLLARS

Student National
Bank

PRACTICE,
NON-NEGOTIABLE

____
Memo

|:0000 " 0000|: 01"48"1378"'

DEPOSIT TICKET
For Deposit Only
Mary Merchant
Anytown, USA

DATE ____________________ 19__

ALL ITEMS ARE RECEIVED BY THIS BANK FOR THE PUROSES OF COLLECTION AND ARE SUBJECT TO PROVISIONS OF THE UNIFORM COMMERCIAL CODE WHERE APPLICABLE AND THE RULES AND REGULATIONS OF THIS BANK. ALL CREDITS FOR ITEMS ARE PROVISIONAL UNTIL COLLECTED.

CURRENCY		
COIN		
CHECKS		
Total From Other Side		
TOTAL		
LESS CASH RECEIVED		
NET DEPOSIT		

____
Sign Here ONLY If Cash Received From Deposit

|:0000 " 0000|: 01"48"1378"'

101

69-185
515

DEPOSIT TICKET

PLEASE ITEMIZE ADDITIONAL CHECKS ON REVERSE SIDE

DEPOSIT TICKET
For Deposit Only
Mary Merchant
Anytown, USA

DATE ____________________ 19__

ALL ITEMS ARE RECEIVED BY THIS BANK FOR THE PUROSES OF COLLECTION AND ARE SUBJECT TO PROVISIONS OF THE UNIFORM COMMERCIAL CODE WHERE APPLICABLE AND THE RULES AND REGULATIONS OF THIS BANK. ALL CREDITS FOR ITEMS ARE PROVISIONAL UNTIL COLLECTED.

CURRENCY		
COIN		
CHECKS		
Total From Other Side		
TOTAL		
LESS CASH RECEIVED		
NET DEPOSIT		

____
Sign Here ONLY If Cash Received From Deposit

|:0000 " 0000|: 01"48"1378"'

102

69-185
515

DEPOSIT TICKET

PLEASE ITEMIZE ADDITIONAL CHECKS ON REVERSE SIDE

DEPOSIT TICKET
For Deposit Only
Mary Merchant
Anytown, USA

DATE ____________________ 19__

ALL ITEMS ARE RECEIVED BY THIS BANK FOR THE PUROSES OF COLLECTION AND ARE SUBJECT TO PROVISIONS OF THE UNIFORM COMMERCIAL CODE WHERE APPLICABLE AND THE RULES AND REGULATIONS OF THIS BANK. ALL CREDITS FOR ITEMS ARE PROVISIONAL UNTIL COLLECTED.

CURRENCY		
COIN		
CHECKS		
Total From Other Side		
TOTAL		
LESS CASH RECEIVED		
NET DEPOSIT		

____
Sign Here ONLY If Cash Received From Deposit

|:0000 " 0000|: 01"48"1378"'

103

69-185
515

DEPOSIT TICKET

PLEASE ITEMIZE ADDITIONAL CHECKS ON REVERSE SIDE

DEPOSIT TICKET

For Deposit Only
Mary Merchant
Anytown, USA

DATE ____________________ 19__

ALL ITEMS ARE RECEIVED BY THIS BANK FOR THE PUROSES OF COLLECTION AND ARE SUBJECT TO PROVISIONS OF THE UNIFORM COMMERCIAL CODE WHERE APPLICABLE AND THE RULES AND REGULATIONS OF THIS BANK. ALL CREDITS FOR ITEMS ARE PROVISIONAL UNTIL COLLECTED.

CURRENCY		
COIN		
CHECKS		
Total From Other Side		
TOTAL		
LESS CASH RECEIVED		
NET DEPOSIT		

____
Sign Here ONLY If Cash Received From Deposit

104

69-185
515

DEPOSIT TICKET

PLEASE ITEMIZE ADDITIONAL CHECKS ON REVERSE SIDE

|:0000 " 0000|: 01"48"1378"'

DEPOSIT TICKET

For Deposit Only
Mary Merchant
Anytown, USA

DATE ____________________ 19__

ALL ITEMS ARE RECEIVED BY THIS BANK FOR THE PUROSES OF COLLECTION AND ARE SUBJECT TO PROVISIONS OF THE UNIFORM COMMERCIAL CODE WHERE APPLICABLE AND THE RULES AND REGULATIONS OF THIS BANK. ALL CREDITS FOR ITEMS ARE PROVISIONAL UNTIL COLLECTED.

CURRENCY		
COIN		
CHECKS		
Total From Other Side		
TOTAL		
LESS CASH RECEIVED		
NET DEPOSIT		

____
Sign Here ONLY If Cash Received From Deposit

105

69-185
515

DEPOSIT TICKET

PLEASE ITEMIZE ADDITIONAL CHECKS ON REVERSE SIDE

|:0000 " 0000|: 01"48"1378"'

DEPOSIT TICKET

For Deposit Only
Mary Merchant
Anytown, USA

DATE ____________________ 19__

ALL ITEMS ARE RECEIVED BY THIS BANK FOR THE PUROSES OF COLLECTION AND ARE SUBJECT TO PROVISIONS OF THE UNIFORM COMMERCIAL CODE WHERE APPLICABLE AND THE RULES AND REGULATIONS OF THIS BANK. ALL CREDITS FOR ITEMS ARE PROVISIONAL UNTIL COLLECTED.

CURRENCY		
COIN		
CHECKS		
Total From Other Side		
TOTAL		
LESS CASH RECEIVED		
NET DEPOSIT		

____
Sign Here ONLY If Cash Received From Deposit

106

69-185
515

DEPOSIT TICKET

PLEASE ITEMIZE ADDITIONAL CHECKS ON REVERSE SIDE

|:0000 " 0000|: 01"48"1378"'

OBJECTIVE 10

Reconcile a bank statement. Find the available balance in the following problem.

Date: June 30, 1992

Bank Statement Balance: 460.85

Outstanding Checks: #121–$85.35; #124–$62.85; #128–$26.75; #129–$9.99

Late Deposit Not Recorded on Bank Statement: $175.00

MONTH ______________________________ 19 ____

THIS FORM IS PROVIDED TO HELP YOU BALANCE THIS STATEMENT

CHECKS AND OTHER WITHDRAWALS NOT SHOWN ON THIS STATEMENT

NO.	$	
TOTAL	$	

ENDING BALANCE SHOWN ON THIS STATEMENT $ __________

ADD

DEPOSITS NOT SHOWN ON THIS STATEMENT + $ __________

+ __________

+ __________

SUB TOTAL $ __________

SUBTRACT

TOTAL CHECKS AND OTHER CHARGES NOT SHOWN ON THIS STATEMENT - $ __________

BALANCE $ __________

SHOULD AGREE WITH CHECK BOOK BALANCE AFTER DEDUCTING ANY SERVICE CHARGES AND ADDING ANY INTEREST CREDITS SHOWN ON THIS STATEMENT.

OBJECTIVE 11

STEP 1. Estimated TOTAL INCOME from all sources:

Wages	Husband's Income	$10,000.
	Wife's Income	$12,000.
Interest	Savings Account	$ 400.
Misc.:		$ 350.

TOTAL GROSS INCOME $________

STEP 2. Compute DEDUCTIONS from payroll at 23%: $________

STEP 3. Subtract PAYROLL DEDUCTIONS from GROSS INCOME to obtain a NET INCOME FIGURE: $________

STEP 4. Compute FIXED EXPENSES (apply percentages to Net Income):

Savings	5.0%	$________
Food	30.0%	$________
Housing	29.5%	$ ________
Medical/Dental	6.0%	$________
Transportation	9.5%	$________
Clothing	7.5%	$________
Personal Care	5.0%	$________

TOTAL FIXED EXPENSES $________

STEP 5. Subtract TOTAL FIXED EXPENSES from NET INCOME to obtain your SPENDABLE INCOME figure: $________

STEP 6. Develop a plan for your SPENDABLE INCOME. Your plan will be your own and will be unique. You will find it easier, however, to take your annualized budget and divide each figure by 12 to make up a monthly "working budget." This will be especially true of your SPENDABLE INCOME plan.

NOTICE The following assignment sheets are not part of the written test. If this activity has not been completed, check with your instructor

OBJECTIVE 12	**Complete a payroll check stub.**	SCORE ____
OBJECTIVE 13	**Complete a check register correctly.**	SCORE ____
OBJECTIVE 14	**Fill in a check properly.**	SCORE ____
OBJECTIVE 15	**Fill out a deposit slip correctly.**	SCORE ____
OBJECTIVE 16	**Properly Complete a Reconciliation Statement.**	SCORE ____
OBJECTIVE 17	**Complete a budget.**	SCORE ____

OBJECTIVE 1

1. c
2. a
3. b
4. l
5. d
6. e
7. m
8. h
9. i
10. j
11. k
12. n
13. p
14. o

OBJECTIVE 2

1. a
2. e
3. c
4. b
5. f
6. d

OBJECTIVE 3

1. Individual Account
2. Joint Account
3. Non-interest Bearing Account
4. Interest Bearing Account

OBJECTIVE 4

- Safety
- Convenience
- Proof
- Recordkeeping
- Credit

OBJECTIVE 5

- Birth certificate
- Driver's license
- Mother's maiden name
- Social security number

OBJECTIVE 6

STATEMENT OF EARNINGS AND PAYROLL DEDUCTIONS

PERIOD		EARNINGS		TOTAL	DEDUCTIONS				TOTAL	NET PAY
ENDING	HOURS	REGULAR	OVERTIME	EARNINGS	INCOME TAX	FICA	MED. INS.	OTHER	DED.	
8-15	43	240.00	27.00	267.00	24.90	15.72	4.25	15.00	59.87	207.13

OBJECTIVES 7-9

CHECK NO.	DATE	CHECK ISSUED TO	AMOUNT OF CHECK		AMOUNT OF DEPOSIT	BALANCE
						123.06
	7/1	Deposit- Paycheck			127.50	+127.50
						250.56
501	7/2	Carl's Auto Service	45.85			-45.85
						204.71
502	7/5	Star-Market Records	12.54			12.54
						192.17
503	7/7	Curio Shop	21.83			21.83
						170.34
	7/10	Deposit-paycheck			150.00	150.00
						320.34
504	7/12	Sound Lab	36.00			36.00
						284.34
	7/15	Deposit - cash			30.00	30.00
						314.34
505	7/15	Gentry Sport	80.56			80.56
						233.78
	7/16	withdrawal ATM	25.00			25.00
						208.78
506	7/18	Dr. J.L. Baker	21.00			21.00
						187.78
507	7/20	Car Coverage, Inc.	69.00			69.00
						118.78
	7/21	Deposit-cash			50.00	50.00
						168.78
508	7/22	Fine's Market	26.18			26.18
						142.60
	7/25	Deposit			20.00	20.00
						162.60
509	7/26	Mentor Book Shop	16.79			16.79
						145.81
	7/28	Deposit - Paycheck			175.00	175.00
						320.81

Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555

501

01-1/510

July 2 19 --

PAY TO THE ORDER OF Carl's Auto Service $ 45. 85/xx

Forty-five and 85/100 DOLLARS

Student National Bank

PRACTICE, NON-NEGOTIABLE

Car serviced
Memo

Mary Merchant

|:0000 " 0000|: 01"48"1378"'

Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555

502

01-1/510

July 5 19 --

PAY TO THE ORDER OF Star-Market Records $ 12. 54/xx

Twelve and 54/100 DOLLARS

Student National Bank

PRACTICE, NON-NEGOTIABLE

Memo

Mary Merchant

|:0000 " 0000|: 01"48"1378"'

Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555

503

01-1/510

July 7 19 --

PAY TO THE ORDER OF Curio Shop $21. 83/xx

Twenty-one and 83/100 DOLLARS

Student National Bank

PRACTICE, NON-NEGOTIABLE

mother's present
Memo

Mary Merchant

|:0000 " 0000|: 01"48"1378"'

Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555

504

01-1
510

July 12 19 --

PAY TO THE ORDER OF Sound Lab $ 36. 00/xx

Thirty-six and 00/100 DOLLARS

Student National Bank

PRACTICE, NON-NEGOTIABLE

Stereo payment

Memo

Mary Merchant

|:0000 " 0000|: 01"48"1378"'

Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555

505

01-1
510

July 15 19 --

PAY TO THE ORDER OF Gentry-Sport $ 80. 56/xx

Eighty and 56/100 DOLLARS

Student National Bank

PRACTICE, NON-NEGOTIABLE

Clothes

Memo

Mary Merchant

|:0000 " 0000|: 01"48"1378"'

Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555

506

01-1
510

July 18 19 --

PAY TO THE ORDER OF Dr. J. L. Baker $ 21. 00/xx

Twenty-one and 00/100 DOLLARS

Student National Bank

PRACTICE, NON-NEGOTIABLE

dental appointment

Memo

Mary Merchant

|:0000 " 0000|: 01"48"1378"'

Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555

507
01-1/510

July 20 19 --

PAY TO THE ORDER OF Car Coverage, Inc $ 69. 00/xx

Sixty-nine and 00/100 DOLLARS

Student National Bank

PRACTICE, NON-NEGOTIABLE

Memo Car insurance

Mary Merchant

|:0000 " 0000|: 01"48"1378"'

Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555

508
01-1/510

July 22 19 --

PAY TO THE ORDER OF Fine's Market $26. 18/xx

Twenty-six and 18/100 DOLLARS

Student National Bank

PRACTICE, NON-NEGOTIABLE

Memo Party supplies

Mary Merchant

|:0000 " 0000|: 01"48"1378"'

Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555

509
01-1/510

July 26 19 --

PAY TO THE ORDER OF Mentor Book Shop $ 16. 79/xx

Sixteen and 79/100 DOLLARS

Student National Bank

PRACTICE, NON-NEGOTIABLE

Memo books

Mary Merchant

|:0000 " 0000|: 01"48"1378"'

DEPOSIT TICKET
For Deposit Only
Mary Merchant
Anytown, USA

DATE July 1 19--

ALL ITEMS ARE RECEIVED BY THIS BANK FOR THE PUROSES OF COLLECTION AND ARE SUBJECT TO PROVISIONS OF THE UNIFORM COMMERCIAL CODE WHERE APPLICABLE AND THE RULES AND REGULATIONS OF THIS BANK. ALL CREDITS FOR ITEMS ARE PROVISIONAL UNTIL COLLECTED.

CURRENCY		
COIN		
CHECKS Quik Car Wash	127	50
Total From Other Side	—	
TOTAL	127	50
LESS CASH RECEIVED	—	
NET DEPOSIT	127	50

—

Sign Here ONLY If Cash Received From Deposit

101
69-185
515

DEPOSIT TICKET

PLEASE ITEMIZE ADDITIONAL CHECKS ON REVERSE SIDE

|:0000 " 0000|: 01"48"1378"'

DEPOSIT TICKET
For Deposit Only
Mary Merchant
Anytown, USA

DATE July 10 19--

ALL ITEMS ARE RECEIVED BY THIS BANK FOR THE PUROSES OF COLLECTION AND ARE SUBJECT TO PROVISIONS OF THE UNIFORM COMMERCIAL CODE WHERE APPLICABLE AND THE RULES AND REGULATIONS OF THIS BANK. ALL CREDITS FOR ITEMS ARE PROVISIONAL UNTIL COLLECTED.

CURRENCY		
COIN		
CHECKS Joe's Pizza	176	40
Total From Other Side	—	
TOTAL	176	40
LESS CASH RECEIVED	-26	40
NET DEPOSIT	150	00

Mary Merchant

Sign Here ONLY If Cash Received From Deposit

102
69-185
515

DEPOSIT TICKET

PLEASE ITEMIZE ADDITIONAL CHECKS ON REVERSE SIDE

|:0000 " 0000|: 01"48"1378"'

DEPOSIT TICKET
For Deposit Only
Mary Merchant
Anytown, USA

DATE July 15 19--

ALL ITEMS ARE RECEIVED BY THIS BANK FOR THE PUROSES OF COLLECTION AND ARE SUBJECT TO PROVISIONS OF THE UNIFORM COMMERCIAL CODE WHERE APPLICABLE AND THE RULES AND REGULATIONS OF THIS BANK. ALL CREDITS FOR ITEMS ARE PROVISIONAL UNTIL COLLECTED.

CURRENCY	30	00
COIN		
CHECKS		
Total From Other Side	—	
TOTAL	30	00
LESS CASH RECEIVED	—	
NET DEPOSIT	30	00

—

Sign Here ONLY If Cash Received From Deposit

103
69-185
515

DEPOSIT TICKET

PLEASE ITEMIZE ADDITIONAL CHECKS ON REVERSE SIDE

|:0000 " 0000|: 01"48"1378"'

DEPOSIT TICKET
For Deposit Only
Mary Merchant
Anytown, USA

DATE July 21 19—

ALL ITEMS ARE RECEIVED BY THIS BANK FOR THE PUROSES OF COLLECTION AND ARE SUBJECT TO PROVISIONS OF THE UNIFORM COMMERCIAL CODE WHERE APPLICABLE AND THE RULES AND REGULATIONS OF THIS BANK. ALL CREDITS FOR ITEMS ARE PROVISIONAL UNTIL COLLECTED.

CURRENCY	50	00
COIN		
CHECKS		
Total From Other Side	—	
TOTAL	50	00
LESS CASH RECEIVED	—	
NET DEPOSIT	50	00

Sign Here ONLY If Cash Received From Deposit

104
69-185
515

DEPOSIT TICKET

PLEASE ITEMIZE ADDITIONAL CHECKS ON REVERSE SIDE

|:0000 " 0000|: 01"48"1378"'

DEPOSIT TICKET
For Deposit Only
Mary Merchant
Anytown, USA

DATE July 25 19—

ALL ITEMS ARE RECEIVED BY THIS BANK FOR THE PUROSES OF COLLECTION AND ARE SUBJECT TO PROVISIONS OF THE UNIFORM COMMERCIAL CODE WHERE APPLICABLE AND THE RULES AND REGULATIONS OF THIS BANK. ALL CREDITS FOR ITEMS ARE PROVISIONAL UNTIL COLLECTED.

CURRENCY	20	00
COIN		
CHECKS		
Total From Other Side	—	
TOTAL	20	00
LESS CASH RECEIVED	—	
NET DEPOSIT	20	00

Sign Here ONLY If Cash Received From Deposit

105
69-185
515

DEPOSIT TICKET

PLEASE ITEMIZE ADDITIONAL CHECKS ON REVERSE SIDE

|:0000 " 0000|: 01"48"1378"'

DEPOSIT TICKET
For Deposit Only
Mary Merchant
Anytown, USA

DATE July 28 19—

ALL ITEMS ARE RECEIVED BY THIS BANK FOR THE PUROSES OF COLLECTION AND ARE SUBJECT TO PROVISIONS OF THE UNIFORM COMMERCIAL CODE WHERE APPLICABLE AND THE RULES AND REGULATIONS OF THIS BANK. ALL CREDITS FOR ITEMS ARE PROVISIONAL UNTIL COLLECTED.

CURRENCY		
COIN		
CHECKS Dink's Car Wash	242	57
Total From Other Side	—	
TOTAL	242	57
LESS CASH RECEIVED	67	57
NET DEPOSIT	175	00

Mary Merchant
Sign Here ONLY If Cash Received From Deposit

106
69-185
515

DEPOSIT TICKET

PLEASE ITEMIZE ADDITIONAL CHECKS ON REVERSE SIDE

|:0000 " 0000|: 01"48"1378"'

OBJECTIVE 10

MONTH June 30 19 --

THIS FORM IS PROVIDED TO HELP YOU BALANCE THIS STATEMENT

CHECKS AND OTHER WITHDRAWALS NOT SHOWN ON THIS STATEMENT

NO. 121	$ 85	35
124	62	85
128	26	75
129	9	99
TOTAL	$ 184	94

ENDING BALANCE SHOWN ON THIS STATEMENT $ 460.85

ADD
DEPOSITS NOT SHOWN ON THIS STATEMENT + $ 175.00
+
+

SUB TOTAL $ 635.85

SUBTRACT
TOTAL CHECKS AND OTHER CHARGES NOT SHOWN ON THIS STATEMENT - $ 184.94

BALANCE $ 450.91

SHOULD AGREE WITH CHECK BOOK BALANCE AFTER DEDUCTING ANY SERVICE CHARGES AND ADDING ANY INTEREST CREDITS SHOWN ON THIS STATEMENT.

OBJECTIVE 11

STEP 1. Estimated TOTAL INCOME from all sources:

Wages	Husband's Income	$10,000.
	Wife's Income	$12,000.
Interest	Savings Account	$ 400.
Misc.:		$ 350.

TOTAL GROSS INCOME $ 22,750.00

STEP 2. Compute DEDUCTIONS from payroll at 23%: $ 5,232.50

STEP 3. Subtract PAYROLL DEDUCTIONS from GROSS INCOME to obtain a NET INCOME FIGURE: $ 17,517.50

STEP 4. Compute FIXED EXPENSES (apply percentages to Net Income):

Savings	5.0%	$ 875.88
Food	30.0%	$ 5,255.25
Housing	29.5%	$ 5,167.66
Medical/Dental	6.0%	$ 1,051.05
Transportation	9.5%	$ 1,664.16
Clothing	7.5%	$ 1,313.81
Personal Care	5.0%	$ 875.88

TOTAL FIXED EXPENSES $ 16,203.69

STEP 5. Subtract TOTAL FIXED EXPENSES from NET INCOME to obtain your SPENDABLE INCOME figure: $ 1,313.81

STEP 6. Develop a plan for your SPENDABLE INCOME. Your plan will be your own and will be unique. You will find it easier, however, to take your annualized budget and divide each figure by 12 to make up a monthly "working budget." This will be especially true of your SPENDABLE INCOME plan.

OBJECTIVE 12	Refer to answers to Assignment Sheet 1.
OBJECTIVE 13	Refer to answers to Assignment Sheet 2.
OBJECTIVE 14	Refer to answers to Assignment Sheet 3.
OBJECTIVE 15	Refer to answers to Assignment Sheet 4.
OBJECTIVE 16	Refer to answers to Assignment Sheet 5.
OBJECTIVE 17	Refer to answers to Assignment Sheet 6.

OBJECTIVE SHEET

THE WISE USE OF CREDIT

III

INTRODUCTION

Good credit is virtually a necessity. Today, most businesses and consumers rely heavily on credit to pay for items more than ever. Retailers encourage the use of charge accounts and banks promote the use of credit cards. Lenders help us to enjoy now and pay later.

Credit allows us to buy a home, start a small business, or take advantage of a bargain that may not be available next week. Credit allows us to purchase necessities and luxuries based on the understanding that we will repay the money borrowed. Credit makes it possible for all of us to live more conveniently. For this reason, the ability to use credit properly is vital.

UNIT OBJECTIVE

After completing this unit, the student should be able to use credit properly by completing assignment sheets and test with a minimum of 85 percent accuracy.

SPECIFIC OBJECTIVES

After completing this unit of instruction, the student should be able to

1. Match terms associated with the wise use of credit to their correct definitions.
2. Tell how to establish credit.
3. Identify seven types of loans.
4. Identify different types of collateral requirements.
5. Identify five methods of making loan payments.
6. Identify insurance requirements for various loans.
7. Identify the guidelines for applying for a credit card.
8. Identify the guidelines for using a credit card.
9. Name the costs of having a credit card.
10. Tell how to maintain good credit.
11. Check a credit report. (Assignment Sheet 1)

12. Apply for a credit card. (Assignment Sheet 2)

13. Apply for a loan. (Assignment Sheet 3)

SUGGESTED ACTIVITIES

THE WISE USE OF CREDIT

III

PREPARATION

- Order materials to supplement unit.
- Obtain credit report information from a local credit bureau.
- Obtain loan and credit card applications.
- Gather and display posters, charts, and brochures dealing with the use of credit.
- Make transparencies to supplement this unit
- Obtain competency profiles to record your students' achievements.

  NOTE: Transparencies and competency profiles for this book are available from the Curriculum and Instructional Materials Center, Oklahoma State Department of Vocational and Technical Education, 1500 West Seventh Avenue, Stillwater, Oklahoma 74074.

- Make arrangements for guest speakers. Supply speakers with specific objectives and other appropriate sections of unit.
- Prepare classroom.
  - — Put up posters, charts, etc. that emphasize the wise use of credit.
  - — Have articles, brochures, credit card documents, and other references available for student use.
  - — Display various types of credit cards and advertising about credit purchases.
  - — Display literature on credit reports.
- Review instructional outline for this unit. Modify suggested time frames to suit class needs and plan activities for each class period.
- Decide how to administer pretest. (See Evaluation Section on pretest).
- Introduce unit. Following are suggestions:
  - — Survey the class to find out how many have 1) taken out a loan, 2) their own credit cards, 3) read a credit report.
  - — Invite a representative from the local credit bureau to discuss and explain credit and credit reports.
  - — Discuss the advantages and disadvantages of using credit.

- — Invite a representative from a financial institution to explain steps in applying for and repaying a loan.
- — Invite a representative from a credit consulting agency to explain how they help people with difficult credit situations.

DELIVERY

Discuss unit and specific objectives. Emphasize how the specific objectives will lead to meeting the unit objective, and how reaching the unit objective is vital to using credit properly. Also relate the objectives to your introduction and to materials previously covered in class.

Objective 1

- Match terms associated with the proper use of credit with their correct definition.
- Show samples of various documents such as loan applications, credit card applications and credit reports.
- Provide each student with forms and brochures. Discuss their formats and the meanings of unfamiliar terms.

Objective 2

- Tell how to establish credit.
- Provide students with samples of various credit card agency advertisements and promotions.
- Invite a representative from a lending institution to discuss methods of establishing good credit.
- Use Handout 1 to explain what a credit bureau report is and how to read it.
- Invite a representative from a lending institution to discuss how lending agencies rate an individual's credit. Have them explain what they look for when deciding whether to give someone a loan or credit card.
- Use Handout 2 to discuss how creditors decide to grant individuals credit.

Objective 3

- Identify seven types of loans.
- Invite a representative from a lending institution to discuss the different types of loans.

- Show students forms for different types of loans.

Objective 4

- Identify different types of collateral requirements.
- Show students loan applications and discuss the collateral and assets sections on the forms.
- Invite a representative from a bank to discuss collateral requirements for loans.

Objective 5

- Identify five methods of making loan payments.
- Invite a representative from a financial institution to speak to the class about different loan payment methods.
- Provide the student with brochures or other literature that explains different payment methods.
- Discuss the advantages of the payment structure of student loans.
- Provide students with literature and discuss the use of student loans.

Objective 6

- Identify insurance requirements for various loans.
- Invite a representative from a financial institution to explain insurance requirements on various loans.
- Show students sample insurance policies. Point out the loss payable clause found in certain policies.

Objective 7

- Identify the guidelines for applying for a credit card.
- Provide literature from financial institutions about obtaining a credit card.
- Use samples of credit card applications to demonstrate the many different types of credit cards.

Objective 8

- Identify the guidelines for using a credit card.

- Invite a credit counselor to speak to the class about poor use of credit cards.
- Explain to students that credit cards are to be used in emergency situations or when cash is unavailable.

Objective 9

- Name the costs of having a credit card.
- Provide students with credit card promotional material that explains the costs of credit cards.
- Explain and demonstrate how interest charges are figured. Also demonstrate the expense of allowing an account to be charged interest over a long period of time.
- Show students a credit card billing statement. Explain the charges and point out the minimum payment required.

Objective 10

- Tell how to maintain good credit.
- Invite a representative from a financial institution or a local credit bureau to explain how to maintain good credit.
- Invite a representative from a local Consumer Credit Counseling Service (CCCS) to explain the disadvantages of having bad credit or severe credit problems.

APPLICATION

Objective 11

- Use Assignment Sheet 1 to give students practice in reading and understanding a credit report.
- Use Handout 1 to teach students how to read and understand a credit report. Use Handout 2 to inform students how they will be evaluated when applying for credit.
- Provide students with literature explaining credit reports from a local credit bureau. Discuss the format they use.

Objective 12

- Use Assignment Sheet 2 to give students practice in filling out a credit card application and in figuring interest charges on credit card accounts.

- Have students fill out applications for a credit card they would like to have. Give the students a fixed income and then have the students decide what they could purchase and afford to pay for within the next year.

Objective 13

- Discuss with students the importance of being able to obtain a loan when needed.
- Use Assignment Sheet 3 to give students practice in filling out and understanding loan applications.

EVALUATION

Pretest

- Pretest qualifying students.
- Determine individual study requirements from pretest results.
- Counsel students individually on pretest results and study requirements.
- Modify materials in unit or create supplementary materials for individual students as required.

Written Test

- Explain to students that they will be asked to demonstrate on the written test actions listed in the specific objectives.
- Give written test.

  NOTE: The written test may be given in sections if desired.
- Evaluate students on assignment sheet activities if not previously done.
- Reteach and retest if necessary.
- Complete appropriate section of competency profiles.
- Review individual and group performance in order to evaluate teaching methods. Adjust scope, sequence, or instructional approaches for additional lessons as required.

SUGGESTED RESOURCES

Audio\Visual Materials

- *Handling Credit Cards*. Color, 10 minutes, 1973. National Educational Media, 21601 Devonshire Street, Chatsworth, California 91311.
- *The Money Tree*. Color, 18 minutes, 1975. Aims Media, Inc., 626 Justin Avenue, Glendale, California 91201.

NOTE: These films are available to Oklahoma teachers on a free-loan basis. Oklahoma teachers may order these films from the Curriculum and Instructional Materials Center, Oklahoma State Department of Vocational and Technical Education, 1500 West Seventh Avenue, Stillwater, Oklahoma 74074. Out-of-state teachers must order these films from the addresses listed.

Publications

- *Cash, Coins, and Credit Cards*. Available from The Maryland Vocational Curriculum Production Project, Western Maryland Vocational Resource Center, P.O. Box 5448, McMullen HWY, Cresaptown, Maryland 21502. (301) 777-5886.
- *Managing Your Credit*. Available from the Money Management Institute, Household International, 2700 Sanders Road, Prospect Heights, Illinois 60070.

UNIT REFERENCES

- Cook, John A. and Wool, Robert. *All You Need To Know About Banking*. New York: Bantam Books, 1983.
- Thomas, Lloyd B. *Money, Banking, and Economic Activity*. Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1979.
- *You and Your Community Bank*. Now Communications, Inc., Saint Albans, West Virginia, 1986.
- *Building a Better Credit Report*. Federal Trade Commission and Associated Credit Bureaus, Inc., Washington, D.C., 1988.
- *How To Use Consumer Credit Wisely*. International Consumer Credit Association, St. Louis, 1976.
- *Consumer Handbook to Credit Protection Laws*. Washington, D.C.: Board of Governors of the Federal Reserve System, 1983.
- *What Is a Credit Bureau?* Houston: Associated Credit Bureaus, Inc., 1983.

PRETEST ANSWERS

THE WISE USE OF CREDIT

III

OBJECTIVE 1

1. h
2. i
3. k
4. a
5. g
6. f
7. c
8. e
9. d

OBJECTIVE 2

1. Income

   Employment history

   Indebtedness

   Assets

2. Maintain an income

   Take out a small installment loan and make payments on time

   Apply for, use, and make payments on a credit card

OBJECTIVE 3

1. a
2. g
3. c
4. f
5. b
6. e
7. h

OBJECTIVE 4

- Real estate
- Stocks and bonds
- Personal goods and property with a marketable value
- Vehicles
- Cash value of life insurance policy

OBJECTIVE 5

- Monthly installments
- Interest only monthly
- Balloon payment
- Quarterly
- Semi-annually

OBJECTIVE 6

- Naming the financial institution in the loss payable clause in insurance policies for loans with collateral
- Requiring full coverage insurance on automobiles for automobile loans
- Offering credit life insurance or accident/health insurance on various loans

OBJECTIVE 7

- An annual fee may or may not be required for an account.
- Most accounts give cardholders a grace period in which to pay their total bill without being charged interest.
- Some credit cards require that the entire bill be paid monthly.
- Literature from the financial institution will explain how finance charges are figured.
- Customers will receive a monthly statement listing all credit card transactions—verify these charges with your receipts.
- Bank credit cards may entitle cardholders to a cash advance.
- Most credit card accounts have a limited credit line.

OBJECTIVE 8

- Always use cash to make purchases, if possible.
- When charging a large purchase that will require more than one month to repay, be sure to calculate the time you will need to repay and how much interest you will be required to pay.
- Only charge purchases you can afford.
- Limit the total amount of credit you must repay each month to a manageable percentage of your take-home pay.

OBJECTIVE 9

- Annual fee
- Interest charge (APR)
- Credit card insurance

OBJECTIVE 10

- Do not charge items you cannot afford.
- Do not take out a loan for more money than you need.
- Make credit payments on time.
- If unable to make a payment, call the lending institution and explain your situation.

NOTICE In addition to the Pretest items, students will be required to demonstrate mastery of the following objectives.

OBJECTIVE 11 Refer to answers to Assighment Sheet 1.

OBJECTIVE 12 Refer to answers to Assignment Sheet 2.

OBJECTIVE 13 Refer to answers to Assignment Sheet 3.

PRETEST

THE WISE USE OF CREDIT

III

NAME ______________________ SCORE ______

OBJECTIVE 1

Match the terms associated with the wise use of credit to their correct definitions. Write the letter in the blank.

___1. Fee paid for the use of money or credit

___2. Agency that gathers and files information on individuals that use credit and then sells this information to qualified clients

___3. Cost of credit expressed as the actual yearly rate

___4. Loan secured to buy real estate

___5. Instrument identifying and enabling an individual to receive credit at specified outlets

___6. Amount of money borrowed or debt incurred

___7. Economic practice that permits one to obtain goods, services, or money which one pays for at a later date

___8. Maximum dollar amount given an individual by a lender in a credit agreement

___9. One who signs a loan contract, along with the borrower, agreeing to pay the loan in the event that the borrower fails to do so

a. Mortgage

b. Installment loan

c. Credit

d. Cosigner

e. Collateral

f. Principal

g. Credit card

h. Interest

i. Credit bureau

j. Balloon payment

k. Annual Percentage Rate (APR)

l. Credit limit

OBJECTIVE 2

Tell how to establish credit. Fill in the blanks with the correct answers.

1. Name three items asked for on a loan application.

____

____

____

2. Name three requirements to establish credit.

____

____

____

OBJECTIVE 3

Identify seven types of loans. Fill in the blank with the correct type of loan.

___ 1. Allows persons to automatically borrow a certain amount of money from their savings account after their own checking account funds have been completely depleted

___ 2. Requires that a preset percentage of the borrowed sum be maintained in a savings account and that the interest be paid at once

___ 3. Provides funds for educational needs, usually includes a low interest rate and has a payment schedule that begins after the student graduates

___ 4. Provides funds for daily living expenses to help an individual through a difficult financial period

___ 5. Provides funds that are to be repaid in fixed amounts, including both principal and interest over a certain period of time

a. Overdraft loan

b. Installment loan

c. Guaranteed student loan

d. Balloon loan

e. Secured loan

f. Personal loan

g. Combination loan

h. Compensating loan

___6. Requires borrower to sign over the ownership of an intern to the bank, giving the bank the option of claiming the item in the event the loan is not repaid

___7. Requires that a preset percentage of the borrowed amount be maintained in a savings account

OBJECTIVE 4

Identify different types of collateral requirements. Name four types of collateral that can be used when securing a loan.

____

____

____

____

____

OBJECTIVE 5

Identify five methods of making loan payments. Name three methods of making loan payments.

____

____

____

____

____

OBJECTIVE 6

Identify insurance requirements for various loans. Name three insurance requirements for loans.

____

____

____

____

____

OBJECTIVE 7

Identify the guidelines for applying for a credit card. Name four guidelines to use when applying for a credit card.

OBJECTIVE 8

Identify the guidelines for using a credit card. Identify three guidelines for using a credit card.

OBJECTIVE 9

Name the costs of having a credit card.

OBJECTIVE 10 **Tell how to maintain good credit.** Name two ways to maintain good credit.

____

____

____

____

____

NOTICE In addition to the Pretest items, students will be required to demonstrate mastery of the following objectives.

OBJECTIVE 11 **Check a credit report.** SCORE ____

OBJECTIVE 12 **Apply for a credit card.** SCORE ____

OBJECTIVE 13 **Apply for a loan.** SCORE ____

INFORMATION SHEET

THE WISE USE OF CREDIT III

OBJECTIVE 1

Match terms associated with the wise use of credit to their correct definition.

- **Annual percentage rate (APR)**—Cost of credit expressed as the actual yearly rate
- **Cosigner**—One who signs a loan contract, along with the borrower, agreeing to pay the loan in the event that the borrower fails to do so
- **Credit**—Economic practice that permits one to obtain goods, services, or money which one pays for at a later date
- **Credit bureau**—Agency that gathers and files information on individuals that use credit and then sells this information to qualified clients

  NOTE: Clients who purchase this service from a credit bureau might include banks, finance companies, and retailers.Credit bureaus keep records on consumers' debts, how often the debts are repaid, and the amount of each payment.Creditors usually furnish this information monthly.
- **Credit card**—Instrument identifying and enabling an individual to receive credit at specified outlets
- **Credit limit**—Maximum dollar amount given an individual by a lender in a credit agreement
- **Interest**—Fee paid for the use of money or credit
- **Mortgage**—Loan secured to buy real estate
- **Principal**—Amount of money borrowed or debt incurred

OBJECTIVE 2

Tell how to establish credit.

NOTE: To obtain credit for a car or home loan, you must have already built up a good credit record.Some forms of credit, such as a small installment loan through a retailer or a credit card, can be obtained by simply supplying the creditor with salary and job information.Therefore, it is essential to begin building your credit record before applying for a large loan through a financial institution.

- Open a checking account and a savings account in your name and manage each properly
- Maintain an income
- Take out a small installment loan and make the payments on time

  NOTE: You may need to use your savings account or an item such as a car for collateral. If you do not possess an item that can be used for collateral, a cosigner on the loan may be required.

- When applying for a loan, only request the amount of money required
- Apply for, use, and make payments on a credit card

  NOTE: When applying for a credit card or loan, you will have to provide income and employment information. Often, lenders require you to have worked with a company or independently with success for a period of time. You will also need to provide a list of your assets and liabilities or amount of indebtedness.

OBJECTIVE 3

Identify seven types of loans.

- **Combination loan**—Requires that a preset percentage of the borrowed sum be maintained in a savings account and that the interest be paid at once
- **Compensating balance loan**—Requires that a preset percentage of the borrowed sum be maintained in a savings account
- **Guaranteed student loan**—Provides funds for educational needs; usually includes a low interest rate and has a payment schedule that begins after the student graduates
- **Installment loan**—Provides funds that are to be repaid in fixed amounts, including both principal and interest over a certain period of time

  NOTE: Each payment is usually made in monthly installments.This type of loan is most commonly used to pay for durable goods, such as a car, furniture, and household appliances.

- ***Overdraft protection*—*Allows persons to automatically*** **borrow a certain amount of money from their savings account after their own checking account funds have been completely depleted**

- **Personal loan (cash loan)**—Provides funds for daily living expenses to help an individual through a difficult financial period

- **Secured loan**—Requires borrower to sign over the ownership of an item to the bank, giving the bank the option of claiming the item in the event the loan is not repaid

OBJECTIVE 4 **Identify different types of collateral requirements.**

- Real estate

- Stocks and bonds

  NOTE: Financial institutions will accept stocks and bonds as collateral at a percent of their current value. For example, stocks may have a loan value of between 50 and 70 percent of their market value.

- Personal goods and property with a marketable value

- Vehicles

- Cash value of life insurance policy

OBJECTIVE 5 **Identify five methods of making loan payments.**

- Monthly installment(s)

  NOTE: Payments include both principal and interest amounts each month.

- Interest only monthly

  NOTE: You are only required to pay the interest incurred each month over a set period of time.At the end of that time, the principal is due in full.

- Balloon payment

  NOTE: One makes payments, which include both principal and interest amounts, monthly for a period of time.At the end of that time, the remainder of the principal is due in full.

- Quarterly

- Semi-annually

OBJECTIVE 6

Identify insurance requirements for various loans.

- Naming the financial institution in the loss payable clause in insurance policies for loans with collateral

  NOTE: Financial institutions will usually require that an insurance policy be taken out on items used as collateral for loans.Within these policies, the financial institution will be named under the loss payable clause, enabling the lender to cover the loan if the collateral is lost or destroyed.

- Requiring full coverage insurance on automobiles for automobile loans
- Offering credit life insurance or accident/health insurance on various loans

  NOTE: These types of insurance can be purchased through the lending institution.In the event that one dies or becomes disabled, the loan will be repaid in full by the insurance or payments will be made until the individual can resume payments.

OBJECTIVE 7

Identify the guidelines for applying for a credit card.

Almost 80 percent of the individuals and families of America have and use credit cards and more than 500 million credit cards are used each year to buy a variety of goods and services. The ease with which purchases can be made with credit cards is the very reason why you must first be a responsible consumer before applying for a credit card.

- **When applying for a credit card, remember:**

  — an annual fee may or may not be required for an account;
  — most accounts give cardholders a grace period in which to pay their total bill without being charged interest;
  — some credit cards require that the entire bill be paid monthly;
  — read the literature enclosed with a credit card application to better understand how finance charges are figured;
  — some bank credit cards will allow you, the customer, a cash advance;
  — most credit card accounts have a limited credit line; and

— you, as a customer, will receive a monthly statement listing all credit card transactions—verify these with your receipts.

OBJECTIVE 8

Identify the guidelines for using a credit card.

With what ease you can whip out your "plastic" money and delay the worry of paying for items until later. Far too many people have become carried away with charging items and end up in debt with a very poor credit rating. You will need to know certain guidelines before using a credit card.

- **Before using a credit card, remember:**

  — always use cash to make purchases, if possible;
  — when charging a large purchase that will require more than one month to repay, be sure to calculate the time you will need to repay and how much interest you will be required to pay;
  — only charge purchases you can afford;
  — limit the total amount of credit you must repay each month to a manageable percentage of your take-home pay.

OBJECTIVE 9

Name the costs of having a credit card.

- Annual fee

  NOTE: Many major credit cards require users to pay a fee each year to use their credit card. These fees vary.

- Interest charge (APR)

  NOTE: Interest rates vary from card to card. Users are not usually required to pay interest on bills that are paid in full monthly.

- Credit card insurance

  NOTE: Insurance can be paid monthly on the cardholders unpaid balance.Usually this insurance guarantees paying the minimum monthly payment in the event that you are disabled or involuntarily unemployed and will pay your balance in the event that you or your co-cardholder become dismembered or die.

OBJECTIVE 10

Tell how to maintain good credit.

- Do not charge items you cannot afford.
- Do not take out a loan for more money than you need.
- Make credit payments on time.
- If you are unable to make a payment, call the lending institution and explain your situation.

Credit Reports

If you have ever used a major credit card or made payments on a loan, you probably have a credit record at a local credit bureau. A record of your credit history allows creditors to quickly and easily verify your payment habits when you request credit of some type.

If you apply for credit and are denied it, the Fair Credit Reporting Act requires the creditor to give you the name and address of the credit bureau that supplied them with your credit history. You must then contact the credit bureau within 30 days of receiving the denial notice to obtain a free copy of your credit record. Otherwise, you may have to pay a small fee for the report.

Although you are entitled to learn the contents of your credit report at any time, credit bureaus will disclose the information in one of three ways:

- By sending you a printed copy (most common method)
- By asking you to visit the credit bureau to discuss the report
- By giving you the information over the phone after providing proper identification.

Following is an explanation of terms used on a credit report and a sample credit report.

Credit bureaus gather information on individuals who use credit and then compile the data in a particular format called a credit report. Although several types of credit report formats are used, they are all based on and are very similar in design to the Crediscope format. This format covers the following areas:

- **Identification and employment data**—Name, address, birthplace, Social Security number, employer, spouse's name, employment history, income
- **Payment history**—Records of accounts, amount of credit extended, amount repaid

- **Inquiries**—Record of all clients that have requested your credit history in the past six months
- **Public record information**—Listing of court proceedings, bankruptcies, foreclosures, tax liens

The sample credit report contains general information as well as information in codes. Many of these codes are explained on the report.

- **Column 1**—"Whose" accounts

These numbers identify whose account is being reported—in other words who uses the account and pays for the account.

0. **Undesignated**—Account for which the consumer has not specified whether it is to be reported as individual or joint (In many cases it will be an account paid prior to June, 1977.)
1. **Individual account for individual use**—Account for individual use of subject only
2. **Joint account (contractual liability)**—Account for which both spouses are contractually liable
3. **Authorized user spouse**—Account in the name of the subject of the report with the spouse as an authorized user
4. **Joint**—Account which is used only to denote the rare case when the creditor cannot determine whether it should be classified "2" or "3".
5. **Co-maker**—Account for which the subject is the co-signer and becomes liable if the maker defaults, no spouse relationship
6. **"On behalf of" Account**—Account upon which the liability rests with the person on behalf of whom the account was opened. (Applies primarily in Massachusetts)
7. **Maker**—An account for which subject is liable and is the primary maker, but a co-signer has the liability if the subject defaults. No spouse relationship
8. **Individual account of spouse**—Account which is carried in the name of the spouse of the individual who is shown as the subject of the report. Assigned by credit bureau only

9. **Subject is no longer associated with account**—This is a special code provided for file maintenance to indicate that a separated or divorced spouse is no longer associated with a previously active joint-type account. These accounts will not be updated since they are intended for history only

- **Column 2**—"Kind of Business and ID Code"

  The letters at the beginning of the code identify the creditor's type of business. The numbers indicate each individual creditor.

- **Column 3**—"Date Reported and Method of Reporting"

  The date of the last credit update is listed along with an abbreviation explaining how the update was placed in the file by the creditor.

  A—Computer tape

  M—Manual

- **Column 6**—"Highest Credit or Last Contract"

  The number in this column indicates the credit limit on an account or the maximum dollar amount charged on an account to date.

- **Column 14**—"Type and Terms (Manner of Payment)"

  This column shows whether the account is open, revolving, or installment. If the account is revolving or installment, the amount of the monthly payment will also be indicated.

  O—Open account

    To be paid after one billing in full

    Entire amount to be paid at certain intervals with interest or service charge

  R—Revolving account

    Regular monthly payments to be made based on the amount of the balance due

  I—Installment account

    Fixed number of payments to be made including interest over a predetermined period

- **Column 15**—"Remarks"

  This column provides an area for additional information listed in one of the following codes.

  ACC—Account closed by customer

  AJP—Adjustment pending

  BKL—Account included in Bankruptcy

  CCA—Consumer counseling account

  NOTE: Consumer has retained the services of an organization which is directing payment of his accounts.

  CLA—Placed for collection

  DIS—Dispute following resolution

  DRP—Dispute resolution pending

  JUD—Judgment obtained for balance shown

  MOV—Moved. Left no forwarding address

  PRL—Profit and loss write-off

  RLD—Repossession. Paid by dealer

  RLP—Repossession. Proceeds applied to debt

  RPO—Repossession

  RRE—Repossession redeemed

  RVD—Returned voluntarily. Paid by dealer

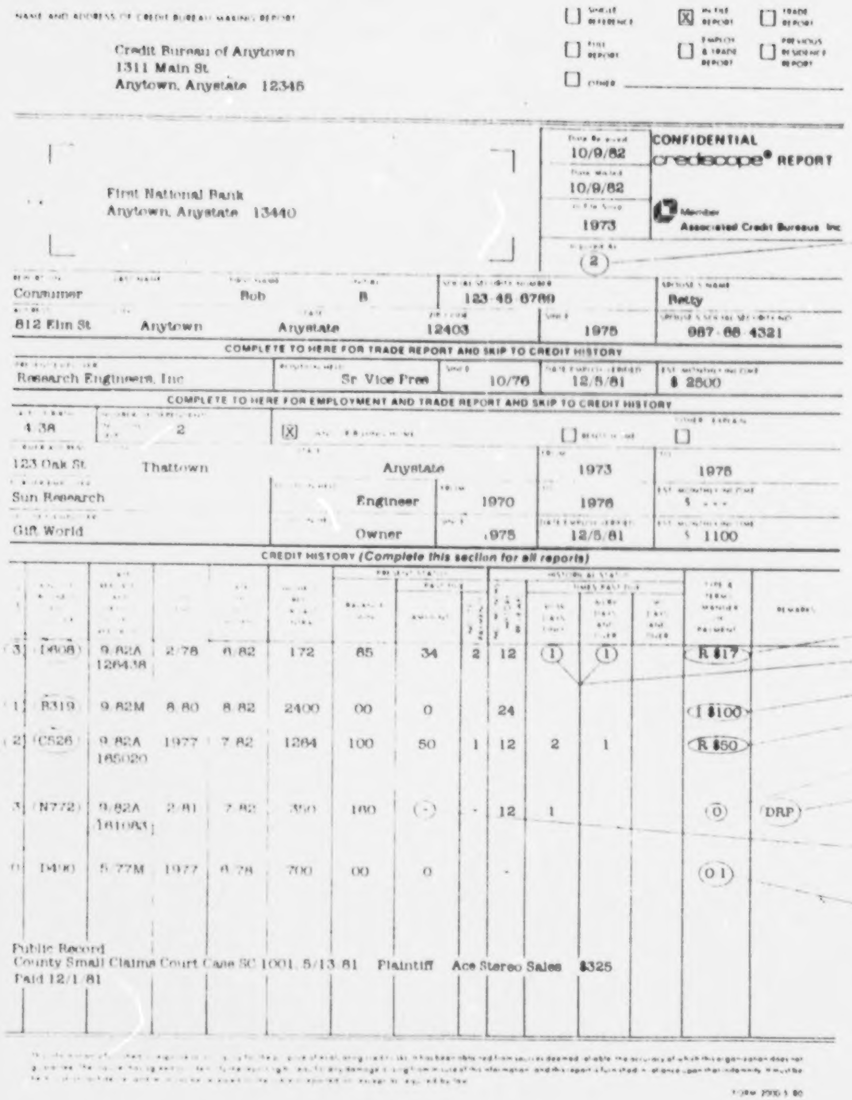
  RVN—Returned voluntarily

  RVP—Returned voluntarily, proceeds applied to debt

  RVR—Returned voluntarily, redeemed

  STL—Plate stolen or lost

  WEP—Wage Earner Plan Account (Chapter XIII of the Bankruptcy Act.)



NAME AND ADDRESS OF CREDIT BUREAU MAKING REPORT

Credit Bureau of Anytown
1311 Main St
Anytown, Anystate 12345

☐ SINGLE REFERENCE ☒ IN FILE REPORT ☐ TRADE REPORT
☐ FULL REPORT ☐ EMPLOY & TRADE REPORT ☐ PREVIOUS RESIDENCE REPORT
☐ OTHER

First National Bank
Anytown, Anystate 13440

Date Received	10/9/82
Date Mailed	10/9/82
In File Since	1973
Inquired As	(2)

CONFIDENTIAL
credscope® REPORT
Member Associated Credit Bureaus, Inc

Indicates application is for a joint account
(Information to be given out can be for husband only or for husband and wife joint accounts, or for accounts held only in the wife s name.)

Consumer	Bob	B	123-45-6789		Betty
812 Elm St	Anytown	Anystate	12403	1975	987-65-4321

COMPLETE TO HERE FOR TRADE REPORT AND SKIP TO CREDIT HISTORY

Research Engineers, Inc	Sr Vice Pres	10/76	12/5/81	$ 2500

COMPLETE TO HERE FOR EMPLOYMENT AND TRADE REPORT AND SKIP TO CREDIT HISTORY

4 38	2	☒	☐	☐
123 Oak St	Thattown	Anystate	1973	1975
Sun Research	Engineer	1970	1976	$
Gift World	Owner	1975	12/5/81	$ 1100

CREDIT HISTORY *(Complete this section for all reports)*

(3)	(D808)	9.82A 126438	2/78	6.82	172	85	34	2	12	(1)	(1)		(R $17)	
(1)	(B319)	9.82M	8.80	8.82	2400	00	0		24				(I $100)	
(2)	(C526)	9.82A 165020	1977	7.82	1264	100	50	1	12	2	1		(R $50)	
3	(N772)	9.82A 161083	2/81	7.82	350	180	(-)	-	12	1			(0)	(DRP)
0	D490	5.77M	1977	6.78	700	00	0		-				(O 1)	

Public Record
County Small Claims Court Case SC 1001, 5/13/81 Plaintiff Ace Stereo Sales $325
Paid 12/1/81

FORM 2000 5 80

Reference Department Store and Identification No

3 Indicates Spouse is an authorized user of account

Reference Bank and Identification No

1 Indicates Account is sole responsibility of this Individual

Reference Clothing Store and Identification No

2 Indicates a Joint Account with spouse contractually liable

Reference National Credit Card Co. and Identification No and the Credit Card No

Revolving credit account Monthly payments of $17

Number of times past due in the last 12 months and the extent of this past due status

Installment account Monthly payments of $100

Revolving account Monthly payments of $50

Open account To be paid in full in one payment

Several abbreviated remarks are used
DRP means Disputed, and the resolution of the dispute is still pending

The Fair Credit Billing Act prohibits indicating account is past due until dispute is resolved or a certain time has elapsed

This is a paid out, inactive department store account, thus, it is undesignated as to whose account. High credit was $700. Under the previous Common Language numerical system, the creditor rated the usual manner of payment of the account as "0 1" (30-day terms, paid promptly)

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The Six C's of Credit

When you apply for credit, creditors must determine whether they can trust you to pay your bills and whether your circumstances will allow you to pay them. In doing so, creditors use six factors to determine your credit worthiness—the Six C's.

- **Capacity**—Are you employed? For how long? What is your income? What expenses do you have?
- **Character**—Will you repay your debt? Is your credit history good or bad? Do you have a stable job?
- **Capital**—Do you have financial resources to help ensure your ability to repay your debt? Do you have a savings account or own property?
- **Conditions**—Will the forthcoming economic conditions affect your ability to repay? Could you become unemployed?
- **Collateral**—What items do you have to accompany your promise to repay?
- **Common sense**—Do you appear to be able to handle your finances sensibly?

Creditors use these facts to reach a decision. Usually, these facts are obtained through a written application. Some creditors have employees evaluate the application, as well as a copy of the applicant's credit report to determine whether to grant or withhold credit. At times, creditors use a computerized point scoring system to evaluate an application. A certain number of points are assigned to the various characteristics, and then the creditors rate the application on a predetermined scale.

ASSIGNMENT SHEET 1

THE WISE USE OF CREDIT

NAME ______________________________ SCORE ______

OBJECTIVE 11 **Check a Credit Report.**

INTRODUCTION

To obtain your credit report at any time, check your Yellow Pages under Credit Bureaus or Credit Reporting Agencies to find a list of the agencies in your area. You will simply have to phone them one by one to find out which one has your credit report on file. There may also be a small fee for the information.

Some financial advisors suggest consumers review their credit reports about every three years to check for inaccuracies or omissions. Ensuring that your credit report is accurate will help to side-step any problems you may have when requesting credit in the future.

DIRECTIONS

On the following page is a sample credit report. Use this report to answer the following questions about reading a credit report.

1. Who is Robert Consumer's present employer?

   ____

2. Who is Robert consumer's former employer?

   ____

3. Who is financially responsible for the Big City Department Store account?

   ____

4. Who can use the Big City Department Store account?

   ____

5. Does Robert Consumer have any past due accounts?

   ____

6. If so, what are they? and how long has it been past due?

____

7. What is Robert Consumer's highest credit limit?

____

8. What is the minimum amount Robert Consumer must pay monthly to Consumer's Bank?

____

9. What method does the Super Credit Card account use to report information to the credit bureau?

____

10. What type of payment schedule is used with the big City Department Store?

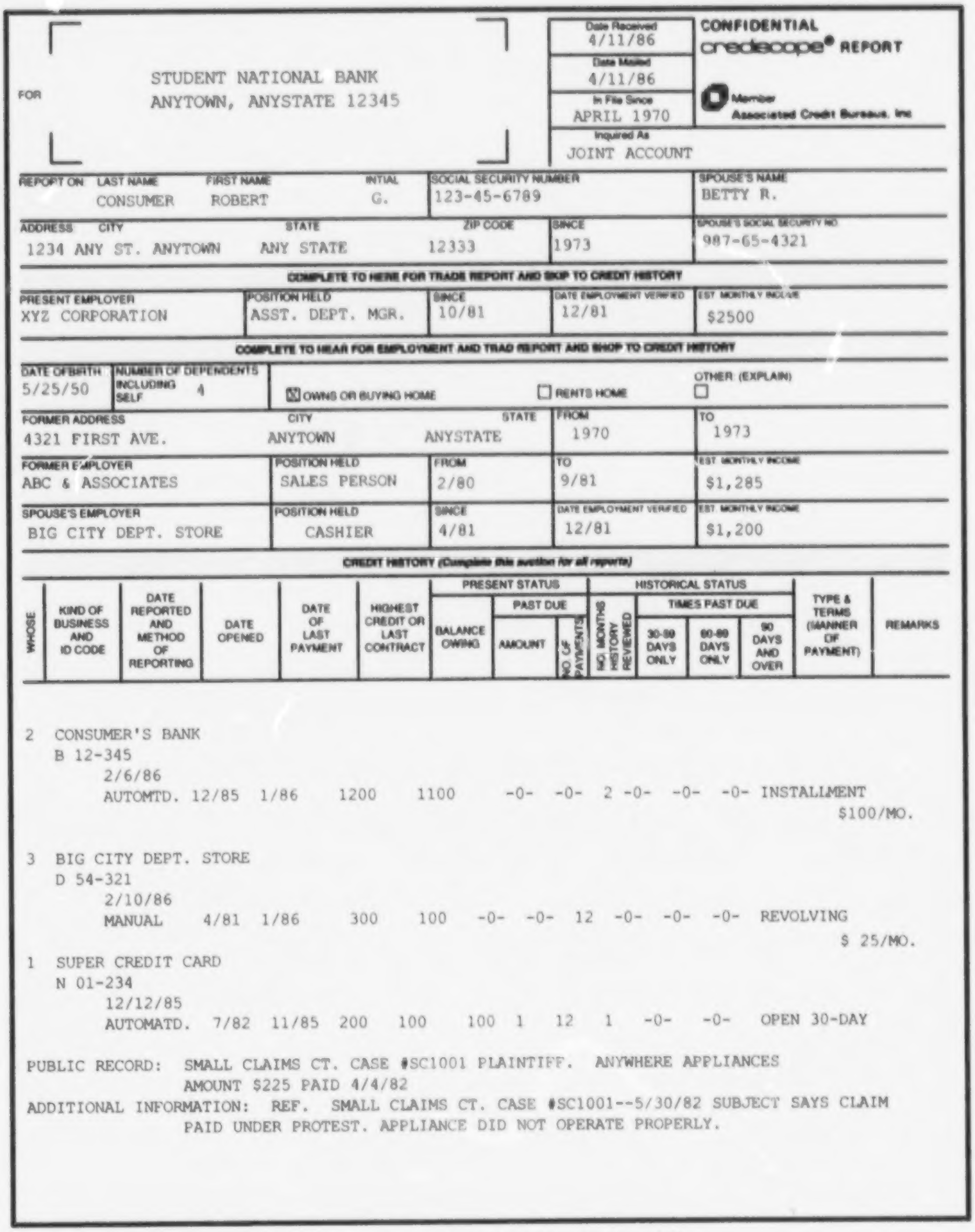
____

11. What company took Robert Consumer to court?

____

12. What was the outcome of the court proceeding?

____



FOR
STUDENT NATIONAL BANK
ANYTOWN, ANYSTATE 12345

Date Received: 4/11/86
Date Mailed: 4/11/86
In File Since: APRIL 1970
Inquired As: JOINT ACCOUNT

CONFIDENTIAL
credscope® REPORT
Member
Associated Credit Bureaus, Inc

REPORT ON LAST NAME: CONSUMER FIRST NAME: ROBERT INTIAL: G.
SOCIAL SECURITY NUMBER: 123-45-6789
SPOUSE'S NAME: BETTY R.

ADDRESS CITY: 1234 ANY ST. ANYTOWN STATE: ANY STATE ZIP CODE: 12333
SINCE: 1973
SPOUSE'S SOCIAL SECURITY NO: 987-65-4321

COMPLETE TO HERE FOR TRADE REPORT AND SKIP TO CREDIT HISTORY

PRESENT EMPLOYER: XYZ CORPORATION
POSITION HELD: ASST. DEPT. MGR.
SINCE: 10/81
DATE EMPLOYMENT VERIFIED: 12/81
EST. MONTHLY INCOME: $2500

COMPLETE TO HEAR FOR EMPLOYMENT AND TRAD REPORT AND SHOP TO CREDIT HISTORY

DATE OFBIRTH: 5/25/50
NUMBER OF DEPENDENTS INCLUDING SELF: 4
☒ OWNS OR BUYING HOME ☐ RENTS HOME OTHER: (EXPLAIN) ☐

FORMER ADDRESS: 4321 FIRST AVE. CITY: ANYTOWN STATE: ANYSTATE
FROM: 1970
TO: 1973

FORMER EMPLOYER: ABC & ASSOCIATES
POSITION HELD: SALES PERSON
FROM: 2/80
TO: 9/81
EST. MONTHLY INCOME: $1,285

SPOUSE'S EMPLOYER: BIG CITY DEPT. STORE
POSITION HELD: CASHIER
SINCE: 4/81
DATE EMPLOYMENT VERIFIED: 12/81
EST. MONTHLY INCOME: $1,200

CREDIT HISTORY *(Complete this section for all reports)*

WHOSE	KIND OF BUSINESS AND ID CODE	DATE REPORTED AND METHOD OF REPORTING	DATE OPENED	DATE OF LAST PAYMENT	HIGHEST CREDIT OR LAST CONTRACT	PRESENT STATUS			HISTORICAL STATUS				TYPE & TERMS (MANNER OF PAYMENT)	REMARKS
						BALANCE OWING	PAST DUE		NO. MONTHS HISTORY REVIEWED	TIMES PAST DUE				
							AMOUNT	NO OF PAYMENTS		30-59 DAYS ONLY	60-89 DAYS ONLY	90 DAYS AND OVER		
2	CONSUMER'S BANK B 12-345	2/6/86 AUTOMTD.	12/85	1/86	1200	1100	-0-	-0-	2	-0-	-0-	-0-	INSTALLMENT $100/MO.	
3	BIG CITY DEPT. STORE D 54-321	2/10/86 MANUAL	4/81	1/86	300	100	-0-	-0-	12	-0-	-0-	-0-	REVOLVING $ 25/MO.	
1	SUPER CREDIT CARD N 01-234	12/12/85 AUTOMATD.	7/82	11/85	200	100	100	1	12	1	-0-	-0-	OPEN 30-DAY	

PUBLIC RECORD: SMALL CLAIMS CT. CASE #SC1001 PLAINTIFF. ANYWHERE APPLIANCES
AMOUNT $225 PAID 4/4/82

ADDITIONAL INFORMATION: REF. SMALL CLAIMS CT. CASE #SC1001--5/30/82 SUBJECT SAYS CLAIM PAID UNDER PROTEST. APPLIANCE DID NOT OPERATE PROPERLY.

Building a Better Credit Record. Washington, D.C. : Federal Trade Commission, 1988.

NAME ______________________________ SCORE ______

OBJECTIVE 12 **Apply for a Credit Card.**

DIRECTIONS Part I—Complete the sample credit card application at the end of this assignment sheet. Then hand it in to your instructor.

Part II—Before applying for and using a credit card, you should be aware of how the lender figures the finance charges. Analyze the following situations to understand the costs of using credit. A sample is provided below.

Joe Smith has a Banco Credit Card. Banco charges 22% APR and requires minimum monthly payments of $15 or 15% of the total balance, whichever is larger. Interest is not charged on bills paid within 30 days. Last month, Joe charged a $2100.00 entertainment center on his Banco card. Joe plans to repay the amount of the purchase in three months, paying $700 each month. Joe plans to make his first payment within 30 days of purchasing the entertainment center. How much will Joe pay in interest?

22% APR/12 months = 1.83% monthly interest charge

Amount of 1st bill = $2,100.00

Amount paid = -$700.00

Remainder = $1,400.00

Interest charge = $1,400.00 x 1.83% (.0183) = $25.62

Amount of 2nd bill = $1,425.62

Amount paid = -700.00

Remainder = $725.62

Interest charge = $725.62 x 1.83% (.0183) = $13.27

Amount of 2nd bill = $738.89

Amount paid = -700.00

Remainder = $38.89 Interest paid

In the following situations, you must compute how much the consumer will be paying in credit card costs:

a. Jessica Young uses an Express Credit Card to make most of her purchases. Express charges 18% APR and requires minimum monthly payments of $10 or 5% of the total bill, whichever is larger. She has charged $3600 worth of items on her Express card. Due to unexpected financial difficulties, Jessica will only be able to make minimum payments for the next several months. Determine each of her monthly payments for the next 4 months. What is the total interest she will have incurred upon paying her bill the 4th month.

   18% APR/12 months =______________monthly interest charge

   First month payment = ________________________________

   Interest on 1st remainder = ____________________________

   Second month payment = ______________________________

   Interest on 2nd remainder = ___________________________

   Third month payment = ________________________________

   Interest on 3rd remainder = ____________________________

   Fourth month payment = _______________________________

   Interest charged to date = ______________________________

b. Sam Johnson uses four credit cards, Banco, Credit Now, Vive, and Charge It. All of these cards charge 22% APR and require minimum monthly payments of $10 or 5% of the total balance, whichever is greater. Sam has made numerous charges on all 4 cards. He doesn't handle his finances well and now he is only able to make minimum payments on all 4 cards. Figure the minimum payments he will be charged on each of the remaining balances that he does not pay this month. Total his interest charges.

   Account balances =

Banco	$3300
Credit Now	$2400

Vive	$3100
Charge It	$2800

22% APR/12 months = __________ monthly interest charge

Minimum Payments = Banco $3300 x 5% = __________

Credit Now $2400 x 5% = __________

Vive $3100 x 5% = __________

Charge It $2800 x 5% = __________

Following the examples given, find the interest charge on each of these accounts for the month.

Banco =

Credit Now =

Vive =

Charge It =

Total interest charge paid on all for accounts for one month = __________

CREDIT CARD APPLICATION

BANK USE ONLY ☐☐☐☐☐ ☐☐☐☐ ☐

PLEASE TELL US ABOUT YOURSELF

First Name (Please Print)	Middle	Last Name	Social Security Number		Date of Birth
Address	City/State	Zip	How Long?		Telephone
Previous Address	City/State	Zip	How Long?		U.S. Citizen? Yes ☐ No ☐
Nearest Relative Not Living With You	Address	City/State/Zip	Telephone	Relationship	# of Dependants

EMPLOYMENT INFORMATION

Current Employer		How Long?	Telephone
Address	City/State	Position	Monthly Salary
Former Employer (or School Attended)	How long?	Telephone	Additional Income*

FINANCIAL INFORMATION

Bank or Financial Institution	Address	City/State/Zip		How Long?
Mortgage Holder or Landlord	Own☐ Rent☐	Monthly Payment	Checking Acct No.	Savings Acct No.

CREDIT REFERENCES

Name	City/State/Zip	Account No.	Payment
Name	City/State/Zip	Account No.	Payment
Name	City/State/Zip	Account No.	Payment

CO-APPLICANT INFORMATION (Must be completed to open a joint account)

First Name (Please Print)	Middle	Last Name	Social Security Number	Date of Birth
Current Employer			How Long?	Telephone
Address	City/State		Position	Monthly Salary
Former Employer (or School Attended)		How long?	Telephone	Additional Income*

*Income from alimony, child support, or separate maintenance payments need not be revealed if you do not wish to have it considered as a basis of repaying this obligation.

I (WE) GIVE THE ABOVE INFORMATION FOR THE PURPOSE OF OBTAINING CREDIT. YOU ARE AUTHORIZED TO CHECK MY (OUR) CREDIT AND EMPLOYMENT HISTORY AND TO ANSWER QUESTIONS ABOUT YOUR CREDIT EXPERIENCE WITH ME (US). YOU MAY REQUEST A CREDIT REPORT ON ME (US) AND IF I (WE) ASK, YOU WILL TELL ME (US) THE NAME AND ADDRESS OF THE CONSUMER REPORTING AGENCY THAT FURNISHED IT. IF YOU REVIEW, UPDATE, OR EXTEND MY (OUR) LINE OF CREDIT. YOU MAY REQUEST A NEW REPORT WITHOUT TELLING ME (US). I (WE) AGREE TO BE BOUND BY THE TERMS SET FORTH IN THE CHARGE CARD AGREEMENT. I (WE) ACKNOWLEDGE RECEIPT OF THE SUDENT NATIONAL BANK AND TRUST COMPANY "TRUTH-IN-LENDING" DISCLOSURE STATEMENT.

x ______________________________
Applicant Signature Date

x ______________________________
Co-Applicant Signature Date

ASSIGNMENT SHEET 3

THE WISE USE OF CREDIT III

NAME ______________________ SCORE ______

OBJECTIVE 13

Apply for a loan.

Loans are available to anyone who is qualified. Credit or loans can be obtained from several resources such as a bank, a savings and loan, a credit union, a finance company, or a retailer. (Interest rates on loans will vary depending on what you borrow for and from whom you borrow.)

To determine the cost of a loan, first find out the annual percentage rate (APR) and the finance charge the lender requires on a particular loan. For example, an APR of 18 percent breaks down into an interest charge of 1.5 percent per month. The finance charge is the total interest paid on a loan.

EXAMPLE: A finance charge on $1,000.00 at 18 percent interest in 12 monthly payments is $100.16; in one payment at the end of the year the finance charge would be $180.00.

NOTE: The longer you take to repay a loan, the more interest you will have to pay.

Complete the following sample loan application

PERSONAL LOAN WORKSHEET — SIMPLE/VARIABLE

MAKER(S) NAME & ADDRESS *(Last Name First)*	**LENDER/SECURED PARTY**

NOTE NUMBER	DATE OF NOTE	DATE FINANCE CHARGE BEGINS	OFFICERS INITIALS

PRINCIPAL AMOUNT	☐ FIXED INTEREST RATE	☐ VARIABLE INTEREST RATE
	%	% over Index Initial Interest Rate is %

DISCLOSURES

1 ANNUAL PERCENTAGE RATE The cost of the credit as a yearly rate, which is subject to change	**2 FINANCE CHARGE** The dollar amount the credit will cost	**3 AMOUNT FINANCED** The amount of credit provided to Maker or on his behalf as itemized below	**4 TOTAL OF PAYMENTS** *(Add boxes 2 and 3)* The amount Maker will have paid after Maker has made all payments as scheduled
%	$	$	$

Boxes checked apply to this transaction

☐ This obligation is payable on Demand. All disclosures are based on an assumed maturity of one year

☐ This obligation has a Demand Feature

☐ The Annual Percentage Rate does not take into account any required deposit of Maker

PAYMENT SCHEDULE WILL BE:

NUMBER OF REGULAR PAYMENTS	AMOUNT OF PAYMENTS	
	Regular $	Plus a Final Payment $

FREQUENCY OF PAYMENTS	DUE DATE OF PAYMENTS		
☐ Monthly ☐	First Payment	*OTHER PAYMENTS DUE SAME DAY OF EACH PERIOD*	Final Payment

☐ The Annual Percentage Rate may increase during the term of this loan if the ______________________ ______________________ increases

Any increase will take the form of:

☐ higher payment amounts ☐ more payments of the same amount ☐ a larger amount due at maturity

☐ The Interest Rate will not increase more often than once a ______________________

☐ The Interest Rate will not increase by more than ______________% each time

☐ The Interest Rate will not increase above ______________%

If the Interest Rate increases by ______________% in ______________________

☐ Maker's regular payments will increase to $ ______________________

☐ Maker will have to make ______________ additional payments

☐ Maker's Final Payment will increase to $ ______________________

SECURITY/COLLATERAL

Boxes checked apply to this transaction

☐ The signers of the Security Agreement are giving a security interest in the following property

☐ This loan is secured by all monies and other property owned by Maker and in the possession or control of Lender and all deposits of Maker with Lender

☐ Collateral securing other loans of Maker with Lender also secures this loan

☐ Assumption Policy: Someone buying Maker's house

- ☐ may, subject to certain conditions, be allowed to assume the remainder of the mortgage on the original terms
- ☐ cannot assume the remainder of the mortgage

Fees Paid in Cash by Maker: Filing Fees $ ______________ Non Filing Insurance $ ______________

PREVIOUS OBLIGATIONS BEING CONSOLIDATED AND REFINANCED

No		No		No		Obligations Being Consolidated
$		1		1		**Unpaid Balances Before Refunds**
$		2		2		Finance Charge Refund
$		3		3		**Credit Life Insurance Refund**
$		4		4		Disability Insurance Refund
$		5		5		**Other Refunds *(Describe)***
$		6		6		Total Refunds *(Add 2 thru 5)*
$		7		7		**Net Balance Refinanced *(1 minus 6)***

ITEMIZATION OF AMOUNT FINANCED

$	8	Amount Refinanced and Paid on Account of Maker *(Add line 7 Totals)*
$	9	**Amount Given and Disbursed to Maker Directly**
$		Amounts Paid to Others on Behalf of Maker:
$	10	**Credit Life Insurance Premium to** ______________________
$	11	Disability Insurance Premium to ______________________

INSURANCE STATEMENT

☐ Life Insurance on ☐ Maker ☐ Co Maker

Cost for One Person $ ______________

Cost for Two Persons $ ______________

☐ Disability Insurance on ☐ Maker ☐ Co Maker

Cost for One Person $ ______________

PROPERTY AND VENDOR'S SINGLE INTEREST INSURANCE

☐ Property Insurance $ ______________

☐ Vendor's Single Interest Insurance $ ______________

DOCUMENTATION INSTRUCTIONS

Collateral will be located in ______________________ County at

☐ Makers Above Address ☐ Other Address *(Specify)*

☐ Financing Statement File in ______________________ Counties

☐ Security Agreements *(Not Incorporated in Note Form)*

☐ Other

RECORDS CHECK

☐ UCC

☐ RE

☐

COMPUTER INFORMATION

MAKERS AGE	CO INSURED AGE

TYPE	LOAN NUMBER	RELATIONSHIP ☐ SOW ☐ JAF

HOME PHONE	BUSINESS PHONE	SOCIAL SECURITY NUMBER

COLL TYPE N-I	COLL INS ☐ Yes ☐ No	MORTGAGE NUMBER

SMSA	CENSUS TRACT	CHRG CODE

CHARGE FOLLOWING ACCOUNT FOR PMTS

DEALER NO	LATE FEE	ENDORS RECOUR

LATE NOTICE	JOB	EMPLOYEE	BALLOON

SALARY	INS CO	FP HEW	DIR IND

AUX CLASS	ACQ FEE	END NOTICE ☐ Yes ☐ No

REWRITE	SCHEDULE A

COMMENTS

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$ ________ 12 **Property Insurance Premium to** ________________

$ ________ Filing and Releasing Fees to Public Officials

$ ________ 14 **License, Title and Registration to** ________________

$ ________ To ________________

$ ________ 16 **Total Amount Paid to Others on Behalf of Maker** ***(Add lines 10 thru 15)***

$ ________ Total Amount Paid to or on Behalf of Maker *(Add lines 8, 9 and 16)*

$ ________ 18 **Less — Prepaid Finance Charge**

$ ________ **Amount Financed** *(Subtract line 18 from line 17)*

PERSONAL LOAN APPLICATION — VARIABLE RATE

NAME (Please print full name) HOME PHONE
PRESENT STREET ADDRESS How long at this address?
CITY AND STATE ZIP
IMMEDIATE PREVIOUS ADDRESS How long at this address?
CITY AND STATE ZIP
SOCIAL SECURITY NUMBER BIRTH DATE NO. DEPENDENTS LIST DEPENDENTS BY AGE

AMOUNT OF LOAN REQUESTED REQUESTED MOS. TO PAY
PURPOSE OF LOAN
COLLATERAL OFFERED AND HOW OWNED
Check marital status only if applying for secured credit: ☐ Married ☐ Unmarried ☐ Separated
Have you ever applied to us for a loan ☐ Yes ☐ No If Yes, When?

NAME, ADDRESS AND RELATIONSHIP OF TWO NEAREST RELATIVES NOT LIVING WITH YOU OTHER THAN A PRESENT OR FORMER SPOUSE

MY PRINCIPAL FINANCIAL INSTITUTION IS Services presently used ☐ Checking Account ☐ Savings Account ☐ Safe Deposit ☐ Cert. of Deposit ☐ Loan ☐ OTHER FINANCIAL INSTITUTIONS USED

INCOME AND EMPLOYMENT

PRESENT EMPLOYER SALARY AND WAGES Monthly Income $
EMPLOYER ADDRESS BUSINESS PHONE OTHER INCOME — From Whom — Describe (Income from alimony, child support, or separate maintenance need not be revealed unless applicant wishes such income considered in repayment of loan)
POSITION OR TITLE YEARS EMPLOYED
PREVIOUS EMPLOYER AND ADDRESS
POSITION OR TITLE YEARS EMPLOYED TOTAL MONTHLY INCOME $
If you have chosen to disclose income from alimony, child support or separate maintenance, is such income pursuant to ☐ Written Agreement ☐ Court Decree ☐ Other How Long Received How Often From Whom

ASSETS

AUTOS (Make, Model, Year) VALUE VALUE VALUE TOTAL VALUE
REAL ESTATE (Location) DATE OCCUPIED VALUE
LIFE INSURANCE (Name each Company) FACE VALUE CASH VALUE
OTHER ASSETS (Describe) ESTIMATED VALUE
AUTO INSURANCE AGENTS (Name and Address) TOTAL ASSETS $

LIABILITIES AND INDEBTEDNESS

List below all indebtedness to banks, credit unions, stores, finance companies, individuals and other creditors, including obligations to pay alimony, child support, separate maintenance, rent, mortgages, etc.

CREDITOR	TYPE OF DEBT OR ACCOUNT NUMBER	ORIGINAL DEBT	PRESENT AMOUNT OWED	COLLATERAL	MONTHLY PAYMENT
LANDLORD OR MORTGAGE HOLDER	☐ Rent Payment ☐ Mortgage	(omit rent) $	(omit rent) $		
CREDIT CARDS					

Have you ever been bankrupt or had any judgements or garnishments against you? ☐ No ☐ Yes When?

TOTAL MONTHLY PAYMENTS $

CO-APPLICANT/GUARANTOR/ENDORSER INFORMATION

If this Section of Application is completed, the indebtedness of Co-Applicant/Guarantor/Endorser must be shown under the "Liabilities and Indebtedness" Section above. Income from alimony, child support, or separate maintenance need not be revealed unless such income is to be relied upon to repay loan.

NAME AND RELATIONSHIP TO APPLICANT | ADDRESS | ☐ CO-APPLICANT ☐ GUARANTOR ☐ ENDORSER

EMPLOYED BY | HOW LONG | POSITION OR TITLE | BUSINESS PHONE | HOME PHONE | SOCIAL SECURITY NUMBER | BIRTH DATE

MONTHLY INCOME | OTHER INCOME | TOTAL INCOME

NAME AND RELATIONSHIP TO APPLICANT | ADDRESS | ☐ CO-APPLICANT ☐ GUARANTOR ☐ ENDORSER

EMPLOYED BY | HOW LONG | POSITION OR TITLE | BUSINESS PHONE | HOME PHONE | SOCIAL SECURITY NUMBER | BIRTH DATE

MONTHLY INCOME | OTHER INCOME | TOTAL INCOME

SIGNATURES

Everything that I have stated in this application is correct to the best of my knowledge. I understand that you will retain this application whether or not loan is approved. You are authorized to check my credit and employment history and to answer questions about your credit experience with me.

APPLICANT'S SIGNATURE | DATE | CO-APPLICANT/GUARANTOR/ENDORSER SIGNATURE (Where Applicable) | DATE

X ______ ______ X ______ ______

Form 03 0642 1

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ASSIGNMENT SHEET 3 - IFS
III - 45

ASSIGNMENT SHEET 1

1. XYZ Corporation
2. ABC & Associates
3. Robert Consumer
4. Robert and Betty Consumer
5. Yes
6. Super Credit Card

   30-59 days
7. $1,200.
8. $100/month
9. Automated or on computer tapes
10. Revolving
11. Anywhere Appliances
12. The small claims court found the subject, Robert Consumer, responsible for the debt—Consumer paid the debt under protest stating that the appliance did not operate properly.

ASSIGNMENT SHEET 2

a. Monthly interest charge = 1.5%

First month payment = $180.00 ($3,600 x 1.5%)

Interest on 1st remainder = $51.30 ($3,600 - $180 = $3,420 x 1.5% = $51.30)

Second month payment = $173.56 ($3,420 + $51.30 = $3,471.30 x 1.5% = $173.56)

Interest on 2nd remainder = $49.46 ($3,471 - $173.56 = $3,297.74 x 1.5% = $49.46)

Third month payment = $167.36 ($3,297.74 + 49.46 = $3,347.20 x 1.5% = $167.36)

Interest on 3rd remainder = $47.69 ($3,347.20 - $167.36 = $3,179.84 x 1.5% = $47.69)

Fourth month payment = $161.37 ($3,179.84 + $47.69 = $3,227.53 x 1.5% = $161.37)

Interest charged to date = $148.45 ($51.30 + 49.46 + 47.69 = $148.45)

b. Monthly interest charge = 1.83%

Minimum Payments:

Banco = $165.

Credit Now = $120.

Vive = $155.

Charge It = $140.

Interest Charge

Banco = $57.37 ($3,300 - $165 = $3,135 x 1.83% = $57.37)

Credit Now = $41.72 ($2,400- $120 = $2,280 x 1.83% = $41.72)

Vive = $53.89 ($3,100 - $53.89 = $2,945 x 1.83% = $53.89

Charge It = $48.67 ($2,800 - $140 = $2,660 x 1.83% = $48.67)

Total Interest Charged = $201.65

ASSIGNMENT SHEET 3

Instructor will evaluate the completeness of the loan application and judge the score by the criteria that has been set forth.

WRITTEN TEST

THE WISE USE OF CREDIT III

NAME ________________________________ SCORE _______

OBJECTIVE 1

Match terms associated with the wise use of credit to their correct definitions. Write the correct letter in the blanks.

___1. Agency that gathers and files information on individuals that use credit and then sells this information to qualified clients

___2. Maximum dollar amount given an individual by a lender in a credit agreement

___3. Instrument identifying and enabling an individual to receive credit at specified outlets

___4. Loan secured to buy real estate

___5. Fee paid for the use of money or credit

___6. One who signs a loan contract, along with the borrower, agreeing to pay the loan in the event that the borrower fails to do so

___7. Cost of credit expressed as the actual yearly rate

___8. Economics practice that permits one to obtain goods, services, or money, which one pays for at a later date

___9. Amount of money borrowed or debt incurred

a. Credit

b. Annual Percentage Rate (APR)

c. Credit limit

d. Balloon payment

e. Credit bureau

f. Collateral

g. Principal

h. Cosigner

i. Mortgage

j. Installment loan

k. Interest

l. Credit card

OBJECTIVE 2

Tell how to establish credit. Write your answers in the space provided.

____

____

____

____

OBJECTIVE 3

Identify seven types of loans. Match types of loans to their correct definitions. Write the correct letters in the blanks.

___ 1. Allows persons to automatically borrow a certain amount of money from their checking account after their own checking account funds have been completely depleted

___ 2. Provides funds that are to be repaid in fixed amounts, including both principal and interest over a certain period of time

___ 3. Requires that a preset percentage of the borrowed sum be maintained in a savings account and that the interest be paid at once

___ 4. Provides funds for daily living expenses to help an individual through a difficult financial period

___ 5. Requires borrower to sign over the ownership of an item to the bank, giving the bank the option of claiming the item in the event the loan is not repaid

___ 6. Provides funds for educational needs; usually includes a low interest rate and has a payment schedule that begins after the student graduates

___ 7. Requires that a preset percentage of the borrowed sum be maintained in a savings account

a. Personal loan (cash loan)

b. Guaranteed student loan

c. Overdraft protection loan

d. Secured loan

e. Installment loan

f. Discount loan

g. Compensating balance loan

h. Combination loan

OBJECTIVE 4

Identify different types of collateral requirements. Write your answers in the space provided.

OBJECTIVE 5

Identify five methods of making loan payments. Write your answers in the space provided.

OBJECTIVE 6

Identify insurance requirements for various loans. Write your answers in the spaces provided.

OBJECTIVE 7

Identify the guidelines for applying for a credit card. Name four guidelines to remember when applying for a credit card.

OBJECTIVE 8

Identify the guidelines for using a credit card. Write your answers in the spaces provided.

OBJECTIVE 9

Name the costs of having a credit card. Write your answers in the spaces provided.

OBJECTIVE 10 **Tell how to maintain good credit.** List four ways you can maintain good credit.

____

____

____

____

____

____

____

____

NOTICE The following assignment sheets are not a part of the written test. If these activities have not been completed, check with your instructor.

OBJECTIVE 11 **Check a credit report.** SCORE ____

OBJECTIVE 12 **Apply for a credit card.** SCORE ____

OBJECTIVE 13 **Apply for a loan.** SCORE ____

WRITTEN TEST ANSWERS

THE WISE USE OF CREDIT

III

OBJECTIVE 1

1. e
2. c
3. l
4. i
5. k
6. h
7. b
8. a
9. g

OBJECTIVE 2

- Maintain an income
- Open a checking account and a savings account in your name and manage each properly
- Take out a small installment loan and make the payments on time.
- When applying for a loan, only request the amount of money required
- Apply for, use, and make payments on a credit card

OBJECTIVE 3

1. c
2. e
3. h
4. a
5. d
6. b
7. g

OBJECTIVE 4

- Real estate
- Stocks and bonds
- Personal goods and property with a marketable value
- Vehicles
- Cash value of life insurance policy

OBJECTIVE 5

- Monthly installments
- Interest only monthly
- Balloon payment
- Quarterly
- Semi-annually

OBJECTIVE 6

- Naming the financial institution in the loss payable clause in insurance policies for loans with collateral
- Requiring full coverage insurance on automobiles for automobile loans
- Offering credit life insurance or accident/health insurance on various loans

OBJECTIVE 7

- An annual fee may or may not be required
- Most accounts give cardholders a grace period in which to pay their total bill without being charged interest
- Some credit cards require that the entire bill be paid monthly
- The literature will explain how finance charges are figured
- Customers will receive a monthly statement listing all credit card transactions—verify these transactions with your receipts
- Bank credit cards may entitle cardholders for a cash advance
- Most credit card accounts have a limited credit line

OBJECTIVE 8

- Always use cash to make purchases, if possible
- When charging a large purchase that will require more than one month to repay, be sure to calculate the time you will need to repay and how much interest you will be required to pay
- Only charge purchases you can afford
- Limit the total amount of credit you must repay each month to a manageable percentage of your take-home pay

OBJECTIVE 9

- Annual fee
- Interest charge (APR)
- Credit card insurance

OBJECTIVE 10

- Do not charge items you cannot afford
- Do not take out a loan for more money than you need
- Make credit payments on time
- If you are unable to make a payment, call the lending institution and explain your situation

OBJECTIVE 11 Refer to answers to Assignment Sheet 1.

OBJECTIVE 12 Refer to answers to Assignment Sheet 2.

OBJECTIVE 13 Refer to answers to Assignment Sheet 3

OBJECTIVE SHEET

NEGOTIABLE INSTRUMENTS

IV

INTRODUCTION

What's a negotiable instrument????

In the beginning.....Merchants traded goods locally because transportation was so limited. As time went on, travel became easier and merchants began to visit distant lands to trade goods and conduct business. Soon, money came into existence. However, transporting money long distances was dangerous and very awkward. Merchants began keeping credit balances with distant merchants.

Eventually, bills of exchange (or more commonly, drafts) were developed as a form of payment. Bills of exchange protect future holders against disputes over the original transaction. The most common type of negotiable instrument is the check. Other negotiable instruments are: Certificate of deposit, bank draft, certified check, cashier's check, traveler's check, and money order. Have you ever thought of how a check resembles a letter? There is the date line, the salutation (Pay to the order of), the body of the letter (the amount of the check), and the signature. Even the design of the check resulted from the letters or bills of exchange two merchants exchanged with each other.

Today, nine out of ten transactions are made by check. This means that billions of checks are processed each year and the number is likely to increase. People have become accustomed to the convenience and safety a check provides. Since so many checks are in circulation, it is vital that you become familiar with the parts of a check, terms associated with checks and check processing, how checks are routed through the system, and how to adequately inspect a check.

UNIT OBJECTIVE

After completing this unit, the student should be able to identify the characteristics of a negotiable instrument and a check and be able to explain how a check is processed. The student will demonstrate these competencies by completing assignment sheets and written test with a minimum of 85 percent accuracy.

SPECIFIC OBJECTIVES

After completing this unit, the student should be able to

1. Match terms and definitions associated with negotiable instruments to their correct definition.
2. Match terms and definitions associated with the clearing and collection of negotiable instruments to their correct definition.
3. Identify requirements for a negotiable instrument.
4. Identify how a check meets the requirements of a negotiable instrument.
5. Identify the three main parties to a check.
6. Identify legal requirements concerning checks.
7. Identify the five main types of endorsements.
8. Explain what happens to an on-us check, a local check, and a transit check after it has been deposited at a financial institution.
9. Identify characteristics of a cash item and noncash item.
10. Identify the ABA bank I.D. number and other identifying codes.
11. Identify characteristics of a safe check.
12. Identify other types of negotiable instruments.
13. Identify benefits of the Electronic Funds Transfer Service (EFTS).
14. Identify familiar terms of negotiable instruments. (Assignment Sheet 1)
15. Recognize a negotiable instrument. (Assignment Sheet 2)
16. Identify characteristics of negotiable instruments. (Assignment Sheet 3)
17. Identify parts of a check. (Assignment Sheet 4)
18. Identify parties of a check. (Assignment Sheet 5)
19. Recognize a legal check. (Assignment Sheet 6)

20. Demonstrate proper endorsements. (Assignment Sheet 7)

21. Understand how a clearinghouse works. (Assignment Sheet 8)

22. Recognize information of MICR encoding.
(Assignment Sheet 9)

23. Label characteristics of a safe check. (Assignment Sheet 10)

PREPARATION

- Obtain materials to supplement this unit.
- Invite a guest speaker from a local financial institution or retail store to speak to the class about accepting checks and the requirements they must meet to do so safely.
- Invite an attorney to speak to the students concerning the legal requirements of a check and the other negotiable instruments as they apply to both the maker of the check and the drawee of the check.

NOTE: Supply the guest speakers with the objective sheet, information sheet, and any other components needed to cover the material.

- Discuss uses of checks and have students think of other types of negotiable instruments they have seen.

DELIVERY

Objectives 1 and 2

- Discuss the terms and definitions related to negotiable instruments.
- Discuss the terms and definitions related to the clearing and collection of negotiable instruments.

Objective 3

- Use TM 1 to discuss the legal requirements for a check.
- Explain how important it is that all negotiable instruments meet the criteria set forth.

Objective 4

- Use TM 2 to discuss how a check meets the requirements to be legal.
- Discuss the specific terms used by financial institutions to identify the various parties associated with a check.

Objective 5

- Use TM 3 to identify the three main parties of a check.

- Use Handout 1 to reinforce the three main parties of a check.

Objective 6

- Discuss the importance of a correctly completed check.
- Explain that the drawer is directly obligated to the payer.
- Explain that the drawer of a check also enters into a contract with the drawee.
- Discuss why a signature card is important and the legal repercussions on the financial institution if a forged check is paid.
- Discuss insufficient funds and the legal rights of the payee.

Objective 7

- Use TM's 4 through 9 to illustrate the different types of endorsements.
- Use Handout 2 to discuss the trailing edge endorsement.
- Explain that endorsements can be either typed, rubber-stamped, or printed—all are acceptable by the Uniform Commercial Code.
- Explain that checks can be endorsed any number of times.
- Explain that endorsements are guarantees.
- Explain the difference in a qualified endorsement and that it is the only case in which the endorser is not held responsible for the value of the check if it is dishonored.

Objective 8

- Use TM 10 to illustrate the route checks take depending on their status.
- Use Handout 3 to give students practice in following the route of three types of checks.
- Discuss the different routes of the three types of checks.
- Explain the role of the Federal Reserve Bank.

Objective 9

- Use TM 11 to identify the characteristics of a cash/non-cash item.

- Discuss "float" time.
- Explain that non-cash items must be sent for collection, therefore, they never have a float time.

Objective 10

- Use TM 12 to identify the placement of MICR data on checks.
- Explain why financial institutions use transit numbers.

Objective 11

- Discuss the precautions to take with low numbered checks or checks with a recent date code.
- Explain the importance of accepting checks written in ink and not in pencil or with felt tip pens.

Objective 12

- Use TM's 13 through 16 to illustrate the other types of negotiable instruments.
- Discuss ways to handle bonds and U.S. Treasury coupons.
- Discuss Series EE and HH bonds.

Objective 13

- Discuss the many types of electronic funds transfer services.
- Discuss the benefits of using electronic funds transfer services.

APPLICATION

Objective 14

- Use Assignment Sheet 1 to practice terms and definitions related to negotiable instruments.

Objectives 15 and 16

- Use Assignment Sheets 2 and 3 to give students practice in recognizing a negotiable instrument.

Objectives 17 and 18

- Use Assignment Sheets 4 and 5 to give students practice in locating the three main parties of a check and for checking dates of negotiability.

Objective 19

- Use Assignment Sheet 6 to give students practice in recognizing a "legal" check.

Objective 20

- Use Assignment Sheet 7 to give students practice in writing the different types of endorsements.

Objective 21

- Use Assignment Sheet 8 to understand how a clearinghouse works.

Objective 22

- Use Assignment Sheet 9 to give students practice in recognizing each part of the MICR encoding.

Objective 23

- Use Assignment Sheet 10 to identify the characteristics of a safe check.

EVALUATION

Pretest

- Pretest qualifying students.
- Determine individual study requirements from pretest results.
- Counsel students individually on pretest results and study requirements.
- Modify materials in unit or create supplementary materials for individual students as required.

Written Test

- Explain to students that they will be asked to demonstrate on the written test the actions listed in the specific objectives.
- Give written test.

NOTE: The written test may be given in sections if desired.

- Evaluate students on assignment sheet activities if not previously done.
- Reteach and retest if necessary.
- Complete appropriate section of competency profiles.
- Review individual and group performance in order to evaluate teaching methods.
- Adjust scope, sequence, or instructional approaches for additional lessons as required.

UNIT REFERENCES

- *Checks: A Programmed Training Unit.* Washington, D.C.: The American Bankers' Association, 1986.
- Compton, Eric N. *Principles of Banking*. Washington, D.C.: The American Bankers' Association, 3rd Edition, 1983.
- *Federal Reserve System, Purposes and Functions*. Washington, D.C. Publication Services, Division of Support Services, Board of Governors of the Federal Reserve System, 1985.
- *Modern Teller Training IV*, Bank Administration Institute, Chicago: Educational Systems, Inc., 1976.

OBJECTIVE 1

1. cc
2. j
3. c
4. b
5. g
6. x
7. k
8. t
9. v
10. n
11. m
12. u
13. a
14. y
15. d
16. e
17. q
18. bb
19. aa
20. o
21. w
22. p
23. l
24. s
25. f
26. r
27. z
28. i
29. h

OBJECTIVE 2

1. f
2. t
3. s
4. n
5. c
6. p
7. a
15. v
16. k
17. aa
18. l
19. w
20. u
21. q

8. e
9. d
10. r
11. o
12. i
13. h
14. y

22. x
23. m
24. j
25. g
26. z
27. b

OBJECTIVE 3

1. b
2. a
3. d

OBJECTIVE 4

1. c
2. a
3. d

OBJECTIVE 5

1. a
2. c
3. c

OBJECTIVE 6

1. d
2. c
3. a

OBJECTIVE 7

1. d
2. b
3. a

OBJECTIVE 8	1. b
	2. c
	3. d
OBJECTIVE 9	1. c
	2. a
	3. b
OBJECTIVE 10	1. d
	2. a
	3. b
OBJECTIVE 11	1. b
	2. d
OBJECTIVE 12	1. c
	2. d
	3. a
OBJECTIVE 13	1. c
	2. c
	3. d
OBJECTIVE 14	Refer to answers to Assignment Sheet 1.
OBJECTIVE 15	Refer to answers to Assignment Sheet 2.
OBJECTIVE 16	Refer to answers to Assignment Sheet 3.

OBJECTIVE 17	Refer to answers to Assignment Sheet 4.
OBJECTIVE 18	Refer to answers to Assignment Sheet 5.
OBJECTIVE 19	Refer to answers to Assignment Sheet 6.
OBJECTIVE 20	Refer to answers to Assignment Sheet 7.
OBJECTIVE 21	Refer to answers to Assignment Sheet 8.
OBJECTIVE 22	Refer to answers to Assignment Sheet 9.
OBJECTIVE 23	Refer to answers to Assignment Sheet 10.

PRETEST | **NEGOTIABLE INSTRUMENTS** | **IV**

OBJECTIVE 1

Match terms and definitions associated with negotiable instruments to their correct definition. Write the correct letter in the blanks.

___ 1. Signature of a person or business on an instrument making it payable to the holder in due course and negotiable without restrictions

___ 2. Party who issues a set of written instructions to a drawee, calling for a payment of funds

___ 3. A demand draft drawn on a financial institution

___ 4. An identifying number assigned to each financial institution by the ABA National Numerical System

___ 5. Party who is in possession of a check, security, or title document

___ 6. An item bearing a future date

___ 7. The party who executes an instrument, such as a check

___ 8. A check-like instrument issued by the customer of a credit union, drawn against the deposit balance at that institution

___ 9. An endorsement on a check containing the words "without recourse"

___ 10. An item on which the dollar amount has been fraudulently increased

a. Endorsement
b. ABA transit number
c. Check
d. Restrictive endorsement
e. Draft
f. Genuine signature
g. Bearer
h. Altered check
i. Availability schedule
j. Drawer
k. Maker
l. Signature
m. Traveler's check
n. Raised check
o. Special endorsement
p. Demand draft
q. Certified check
r. Authorized signature

___11. Negotiable instruments sold by a financial institution in various denominations for the convenience of individuals going abroad

___12. Party who is directed by the drawer to make a payment

___13. The legal transfer of one's rights to an instrument

___14. The lower portion of a fraction appearing in the upper right corner of checks

___15. An endorsement that limits the future actions of the next holder

___16. A signed, written order by which one party instructs another to make a payment to a third

___17. A depositor's check across the face of which an authorized party in the drawee financial institution has stamped "certified" and has added a signature

___18. An instrument bearing a date of six months or more prior to its presentation

___19. A written order to pay upon delivery

___20. An endorsement that names the party to whom an instrument is being transferred

___21. An unconditional written order or promise to pay a sum of money that is transferrable from one party to another

___22. A written order to pay at sight

s. Transit check

t. Share draft

u. Drawee

v. Qualified endorsement

w. Negotiable instrument

x. Postdated check

y. Check routing symbol

z. Bank draft

aa. Sight draft

bb. Staledated check

cc. Blank endorsement

__ 23. A sign or mark made by the drawer or maker of a negotiable instrument

__ 24. Any item that a financial institution chooses to classify as not payable locally

__ 25. The actual, valid signature of a maker of a check

__ 26. The signature of the individual(s) who has the legal right to issue instructions

__ 27. A check drawn by a financial institution on its funds deposited with another financial institution

__ 28. A list showing the number of days that must elapse before deposited checks can be considered converted into usable funds

__ 29. A check on which a material change, such as in the dollar amount, has been made

OBJECTIVE 2

Match terms and definitions associated with the clearing and collection of negotiable instruments to their correct definition. Write the correct letter in the blanks.

___ 1. A computerized facility that performs the clearing of paperless entries between member depository institutions

___ 2. A check, also known as a cashier's check, drawn by a financial institution on itself

___ 3. Any item that a bank is willing to accept for immediate but provisional credit to customers' accounts

a. Bookkeeping department

b. Collection item

c. EFTS

d. On-us check

e. Float

f. Automated clearinghouse

____4. The amount of funds in a customers' account

____5. The common acronym for electronic funds transfer system

____6. A service by which a financial institution moves funds from one type of account to another for its customer on a preauthorized basis

____7. The unit in a financial institution that maintains and updates all records of depositors' accounts

____8. The dollar total of deposited cash items that are in process of collection from drawee financial institutions

____9. A check cashed or deposited at the same financial institution on which it is drawn

___10. Special facilities established by the Federal Reserve in its 12 districts to expedite the handling, presenting, and collecting of transit checks

___11. A financial institution that forwards an item to another for payment

___12. Checks drawn on other financial institutions within the same city

___13. The transfer of the possession of an item from one person to another

___14. A term that refers to the processing, tracking, and accounting for the deposits of a financial institution

___15. A drawee's refusal to accept or pay a check when presented

g. Clearing item

h. Delivery

i. Local check

j. Uniform Commercial Code

k. MICR

l. Wire transfer

m. Demand deposits

n. Balance

o. Presenting bank

p. Automatic Transfer Service (ATS)

q. Clearing

r. Regional check processing center

s. Cash item

t. Bank check

u. Direct Presentment

v. Dishonor

w. Holder in due course

x. Collected balance

y. Demand deposit accounting

z. Clearinghouse Association

aa. Noncash item

_ 16. The encoding of checks with magnetic ink

_ 17. Any instrument that a financial institution declines to accept on a cash basis

_ 18. A transaction by which funds are moved electronically from one financial institution to another upon a customer's instructions

_ 19. A party who accepts an instrument in good faith

_ 20. A direct demand for acceptance or payment made by the holder of a negotiable instrument

_ 21. The process by which checks are moved from the point of origin to the financial institution that maintains the customer's account record

_ 22. Cash plus the checks deposited in the financial institution that have been presented to the drawee financial institutions for payment and for which payment has actually been received

_ 23. Funds that may be withdrawn at any time, without prior notice to the financial institution

_ 24. The body of laws pertaining to various types of financial institutions

_ 25. A check in the process of collection from another financial institution

_ 26. A group of financial institutions that voluntarily establish a clearinghouse for the exchange and settlement of checks

_ 27. The opposite of cash item, also called a noncash item

OBJECTIVE 3

Identify requirements for a negotiable instrument. Circle the correct answer.

1. What legal document sets forth the criteria for negotiable instruments?
   - a. Magna Carta
   - b. Uniform Commercial Code
   - c. U.S. Constitution
   - d. U.S. Banking Act.
2. Negotiable Instruments must be
   - a. Payable on demand
   - b. Payable next week
   - c. Payable in gold
   - d. Payable today at 5 p.m.
3. Most negotiable instruments must be signed by
   - a. Written signature
   - b. Printed signature
   - c. Stamped signature
   - d. Any of the above

OBJECTIVE 4

Identify how a check meets the requirements of a negotiable instrument. Circle the correct letter.

1. A valid check is signed by the:
   - a. Drawee
   - b. Payee
   - c. Drawer
   - d. Payer

2.. Which of the following is an appropriate amount for a check:

a. $100.00

b. $5.00 or $10.00

c. 1 oz. of gold

d. $5.00 and/or $10.00

3. Which of the following is NOT acceptable on the "pay to the order of" line?

a. Sam Smith

b. Sam Smith and Jackie Jones

c. Sam Smith and/or Jackie Jones

d. Sam Smith if he marries Jackie Jones

OBJECTIVE 5

Identify the three main parties to a check. Circle the correct letter.

1. Another name for the maker of a check is

a. Drawee

b. Drawer

c. Payee

d. Payer

2. The drawee on a check is the

a. Person writing the check

b. Person receiving money

c. Financial institution

d. Company that prints the check

3. The person receiving money for the check is the

   a. Drawer

   b. Drawee

   c. Payee

   d. Payer

OBJECTIVE 6

Identify legal requirements concerning checks. Circle the correct letter.

1. The signature on a customer's check must be

   a. Genuine

   b. Authorized

   c. Printed

   d. Genuine & authorized

2. The drawer is legally responsible to the __________ if the bank doesn't pay the check.

   a. Drawee

   b. Payer

   c. Payee

   d. Maker

3. A bank must pay a valid check if

   a. It meets the requirements of negotiability

   b. There are insufficient funds

   c. They don't know the payer

   d. It's unsigned

202

OBJECTIVE 7

Identify the five main types of endorsements. Circle the correct letter.

1. "For Deposit Only" followed by a signature is an example of a
    a. Qualified endorsement
    b. Blank endorsement
    c. Special endorsement
    d. Restrictive endorsement
2. An endorsement completed by the payee signing his/her name is an example of a
    a. Qualified endorsement
    b. Blank endorsement
    c. Special endorsement
    d. Restrictive endorsement
3. An endorsement containing the words "without recourse" is an example of a
    a. Qualified endorsement
    b. Blank endorsement
    c. Special endorsement
    d. Restrictive endorsement

OBJECTIVE 8

Explain what happens to an on-us check, a local check, and a transit check after is has been deposited at a financial institution. Circle the correct letter.

1. A check drawn on the financial institution receiving a deposit is a/an:
    a. Traveler's check
    b. On-us check
    c. Local check
    d. Transit check

2. A check drawn on another financial institution in own area is a/an
   a. Traveler's check
   b. On-us check
   c. Local check
   d. Transit check
3. A check drawn on a financial institution in another city is a/an:
   a. Traveler's check
   b. On-us check
   c. Local check
   d. Transit check

OBJECTIVE 9

Identify characteristics of a cash item and a non-cash item. Circle the correct letter.

1. Float is:
   a. a check that is insufficient
   b. a person who works in different areas of the financial institution
   c. Uncollected funds
   d. a cashier's check
2. Non-cash items MUST be:
   a. Sent for collection
   b. Payable in U.S. funds
   c. Checks
   d. Payable on demand
3. A customer's "collected balance"
   a. Is the same as book balance
   b. Does not include float

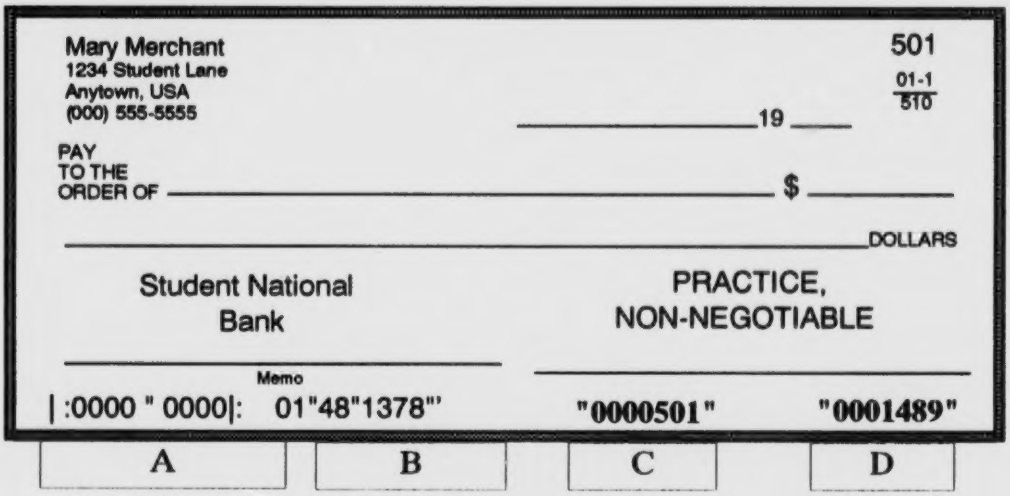
204

c. Is always achieved in one day

d. Is a device a customer weighs on

OBJECTIVE 10

Identify the ABA bank I.D. number and other identifying codes. Write the correct letter in the space provided.



Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555

501

01-1
510

______________19____

PAY
TO THE
ORDER OF ______________________________ $ __________

____DOLLARS

Student National
Bank

PRACTICE,
NON-NEGOTIABLE

Memo

| :0000 " 0000|: 01"48"1378" "0000501" "0001489"

A B C D

1. On the above illustration the dollar amount is found in the field designated by letter ________
2. On the above illustration the routing is found in the field designated by letter ________
3. On the above illustration the customer account number is found in the field designated by letter ________

OBJECTIVE 11

Identify characteristics of a safe check. Circle the correct letter.

1. Most bad checks have a check number between:

a. 1-100

b. 101-200

c. 201-300

d. 301-400

Make a practice of accepting checks written with:

2. Avoid accepting a check written with:
   - a. An erasable ink, ink pen
   - b. A pencil
   - c. A felt tip pen
   - d. A ball-point pen

OBJECTIVE 12

Identify other types of negotiable instruments. Circle the correct letter.

1. Traveler's checks contain 2 signatures
   - a. One is the teller's and one is the customer's
   - b. One is the person's receiving the check for payment and one is the customer's
   - c. Both are the customer's
   - d. One is the bank president's and one is the customer's

2. Negotiable instruments used to guarantee a large payment and drawn by a bank on itself is a:
   - a. Bank draft
   - b. Traveler's check
   - c. Money order
   - d. Cashier's check

3. A negotiable instrument used to send money overseas is:
   - a. Bank draft
   - b. Traveler's check
   - c. Money order
   - d. Cashier's check

OBJECTIVE 13 **Identify benefits of the Electronic Funds Transfer Service (EFTS).** Circle the correct letter.

1. Automated Teller Machines can be used to:
   - a. Clean up the bank lobby after closing
   - b. Describe in detail all bank services
   - c. Accept deposits
   - d. Make real tellers work more hours
2. Large business transactions are frequently completed by using:
   - a. Direct deposit
   - b. ATMs
   - c. Wire transfer
   - d. P.O.S. terminals
3. The electronic funds transfer service that allows a customer to pay for items at a store without writing a check is
   - a. Direct deposit
   - b. ATMs
   - c. Wire transfer
   - d. P.O.S. terminals

NOTICE In addition to the pretest items, the student will be required to demonstrate mastery of the following objectives.

OBJECTIVE 14 **Identify familiar terms of negotiable instruments.** SCORE ____

OBJECTIVE 15 **Recognize a negotiable instrument.** SCORE ____

OBJECTIVE 16 **Identify characteristics of negotiable instruments.** SCORE ____

OBJECTIVE 17 **Identify parts of a check.** SCORE ____

OBJECTIVE 18	**Identify parties of a check.**	SCORE_____
OBJECTIVE 19	**Recognize a legal check.**	SCORE_____
OBJECTIVE 20	**Demonstrate proper endorsements.**	SCORE_____
OBJECTIVE 21	**Understand how a clearinghouse works.**	SCORE_____
OBJECTIVE 22	**Recognize information of MICR encoding.**	SCORE_____
OBJECTIVE 23	**Label characteristics of a safe check.**	SCORE_____

OBJECTIVE I

Match terms and definitions associated with negotiable instruments to their correct definitions.

- **ABA Transit Number**—An identifying number assigned to each financial institution by the American Bankers Association National Numerical System. The transit number has two parts, separated by a hyphen. The first part shows the city, state, or territory in which the financial institution is located; the second part identifies the financial institution itself. The transit number appears in the upper right corner of checks as the numerator (upper portion) of a fraction
- **Altered Check**—A check on which a material change, such as in the dollar amount, has been made. Financial institutions are expected to detect alterations and are responsible for paying checks as originally drawn
- **Authorized Signature**—The signature of the individual(s) who has the legal right to issue instructions
- **Availability Schedule**—A list showing the number of days that must elapse before deposited checks can be considered converted into usable funds
- **Bank Draft**—A check drawn by a financial institution on its funds deposited with another financial institution
- **Bearer**—The party who is in possession of a check, security, or title document. A check made payable to "cash" is a bearer instrument
- **Blank Endorsement**—The signature of a person or business on an instrument making it payable to the holder in due course and negotiable without restrictions
- **Certified Check**—A depositor's check across the face of which an authorized party in the drawee financial institution has stamped the word "certified" and has added a signature. Through certification of a check, the drawee guarantees that sufficient funds have been set aside from the depositor's account to pay the item. Legally, certification is similar to acceptance of a draft, and therefore the instrument becomes the financial institution's promise to pay

- **Check**—A demand draft drawn on a financial institution
- **Check Routing Symbol**—The denominator (lower portion) of a fraction appearing in the upper right corner of checks. The ABA Transit Number is the upper portion of the fraction. The check routing symbol identifies the Federal Reserve district in which the drawee is located, the Federal Reserve facility through which it can be collected, and the immediate or deferred availability assigned to the check under the Federal Reserve schedule
- **Demand Draft**—A written order to pay at sight, upon presentation. A check is a demand draft drawn on a financial institution
- **Draft**—A signed, written order by which one party (the drawer) instructs another (the drawee) to make a payment to a third (the payee). In international banking, a draft is often called a bill of exchange
- **Drawee**—The party who is directed by the drawer to make a payment. In the case of checks, the drawee is a financial institution
- **Drawer**—The party who issues a set of written instructions to a drawee, calling for a payment of funds
- **Endorsement**—The legal transfer of one's rights to an instrument.
- **Genuine Signature**— The actual, valid signature of a maker of a check
- **Maker**—The party who executes an instrument, such as a check, draft, or note; also frequently referred to as the drawer
- **Negotiable Instrument**—An unconditional written order or promise to pay a sum of money that is easily transferable from one party to another. Various laws set forth the qualifications of negotiable instruments and the rights and liabilities of their holders
- **Postdated Check**—An item bearing a future date. It is not valid until that date is reached
- **Qualified Endorsement**—An endorsement on a check or other instrument containing the word's "without recourse"or similar language intended to limit the endorser's liability
- **Raised Check**—An item on which the dollar amount has been fraudulently increased

- **Restrictive Endorsement**—An endorsement that limits the future actions of the next holder; the most common example includes the words "For Deposit Only"
- **Share Draft**—A check-like instrument issued by the customer of a credit union, drawn against the deposit balance at that institution, and used as a payment medium
- **Sight Draft**—A written order to pay upon delivery or presentation
- **Signature**—A sign or mark made by the drawer or maker of a negotiable instrument. A signature may include marks, thumbprint, or be printed, typed, or stamped
- **Special Endorsement**—An endorsement that names the party to whom an instrument is being transferred
- **Staledated Check**—An instrument bearing a date 6 months or more prior to its presentation
- **Transit Check**—Any item that a financial institution chooses to classify as not payable locally. Transit work usually consists of checks drawn on out-of-town institutions
- **Travelers Checks**—Negotiable instruments sold by a financial institution in various denominations for the convenience of individuals going abroad. It must be negotiated at a foreign branch of the issuing bank or at an office of a foreign correspondent bank. It allows the traveler to draw drafts against it to obtain local currency

OBJECTIVE 2

Match terms and definitions associated with the clearing and collection of negotiable instruments to their correct definition.

- **Automated Clearinghouse**—A computerized facility that performs the clearing of paperless entries between member depository institutions
- **Automatic Transfer Service (ATS)**—A service by which a financial institution moves funds from one type of account to another for its customer on a preauthorized basis
- **Balance**—The amount of funds in a customer's account
- **Bank Check**—A check, also known as a cashier's, treasurer's, or official check, drawn by a financial institution on itself. Since the drawer and drawee are one and the same, acceptance is considered automatic and such instruments have been legally held to be promises to pay

- **Bookkeeping Department**—The unit in a financial institution that maintains and updates all records of depositors' accounts. It is also called the demand deposit accounting (DDA) unit

- **Cash Items**—Any items (commonly, checks and other instruments payable on demand) that a bank is willing to accept for immediate but provisional credit to customers' accounts

- **Clearing**—The process or method by which checks and/or other point of sale transactions are moved, either physically or electronically, from the point of origin to the financial institution that maintains the customer's account record

- **Clearing Item**—A check or item in the process of collection from another financial institution

- **Clearinghouse Association**—A group of financial institutions that voluntarily establish a clearinghouse (meeting place) for the exchange and settlement of checks

- **Collected balance**—Cash plus the checks deposited in the financial institution that have been presented to the drawee financial institution for payment and for which payment has actually been received

- **Collection Item**—The opposite of cash item, also called a noncash item. Collection items receive deferred credit to accounts, often require special handling, are usually subject to special fees, and do not create float

- **Delivery**—The transfer of the possession of an item from one person to another

- **Demand Deposit Accounting**—A term that refers to the processing, tracking, and accounting for the demand deposits of a financial institution

- **Demand Deposits**—Funds that may be withdrawn at any time, without prior notice to the financial institution. Checking accounts are the most common form of demand deposits

- **Direct Presentment**—A direct demand for acceptance or payment made by the holder of a negotiable instrument upon the maker of a note or the drawer of a check or draft

- **Dishonor**—A drawee's refusal to accept or pay a check, draft, or other instrument presented, or refusal by the maker of a note to pay it when it is presented

- **EFTS**—The common acronym for electronic funds transfer systems, i.e., the use of automated technology to post to accounts. EFTS applications eliminate or reduce the use of checks or other paper

- **Float**—The dollar total of deposited cash items that are in the process of collection from drawee financial institutions; also know as uncollected funds. In general, float has no value to the financial institution of deposit or to the depositor; hence, the amount of a financial institution's daily float is often calculated for purposes of account analysis

- **Holder in Due Course**—As defined in the Uniform Commercial Code, a party who accepts an instrument in good faith, for value, and without notice that it has been dishonored or is overdue, or that there is any claim against it

- **Local Items**—Checks drawn on other financial institutions within the same city

- **Magnetic Ink Character Recognition (MICR)**—The American Bankers Association program that provides for encoding of checks and documents with standard characters in magnetic ink so that they can be electronically "read" and processed

- **Noncash Item**—Any instrument that a financial institution declines to accept on a cash basis; a collection item. Credit is not posted to the customer's account until final settlement takes place

- **On-Us Check**—A check cashed or deposited at the same financial institution on which it is drawn. Also called a "house" check

- **Presenting Bank**—A financial institution that forwards an item to another for payment

- **Regional Check Processing Centers (RCPCs)**—Special facilities established by the Federal Reserve in its 12 districts to expedite the handling, presenting, and collecting of transit checks

- **Uniform Commercial Code**—The body of laws, adopted in whole or part by all states, pertaining to various types of financial transactions

- **Wire Transfer**—A transaction by which funds are moved electronically from one financial institution to another upon a customer's instructions, through bookkeeping entries at the two financial institutions

OBJECTIVE 3

Identify requirements for a negotiable instrument.

- All negotiable instruments must be written. No verbal order or promise to pay qualifies.
- They must contain an unconditional promise or order to pay a specific amount of money. The legal term is "a sum certain in money."
- Negotiable instruments must be signed by the maker or drawer. A signature is usually handwritten, however, marks, thumbprint, or printed, typed, or stamped signatures are acceptable.
- Negotiable instruments must be payable on demand or at a definite future time. A demand instrument is payable at sight or on presentation; no time for payment is stated.
- Negotiable instruments must be made payable to bearer or to order. An instrument payable to "cash" is a bearer instrument; "to order" means payable to a specified party or to anyone to whom that party has transferred the rights to the instrument.

NOTE: The Uniform Commercial Code sets forth the above criteria. If an instrument does not meet all of the above criteria, it is not a negotiable instrument under the terms of the UCC.

OBJECTIVE 4

Identify how a check meets the requirements of a negotiable instrument.

Now that you know the requirements for a negotiable instrument, lets look at the requirements for a check. You will notice that there are many similarities.

- All checks must be written.
- Checks must contain an unconditional order to pay a specific amount of money.
- A check must be signed by the maker or drawer.
- A check must contain unconditional instruction to his/her financial institution to pay the check out of the maker's checking account.
- A check is payable on demand, on or after a specified date.

214

- A check must be made payable to bearer or someone's order. A check made payable to "cash" is a bearer instrument; "to the order of" means payable to a specified party or to anyone to whom that party has transferred the rights to the instrument.

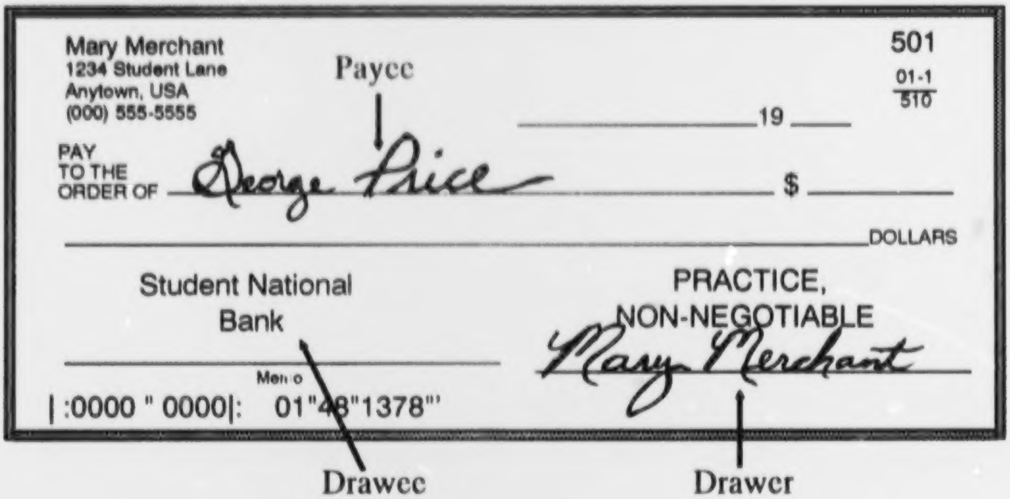
As you can see, a check must meet criteria in addition to those a negotiable instrument must meet.

People use checks to pay money to other people. By writing a check, a person orders the financial institution to pay a certain amount of money to another person or business.

Financial institutions use specific terms to identify the various parties associated with a check. For instance, the party that writes the check and signs it is called the drawer. The drawer orders the financial institution to pay a third party. The party receiving the money is called the payee and the party that makes the payment is called the drawee. In the case of a check the financial institution is always the drawee.

OBJECTIVE 5 **Identify the three main parties to a check.**

As shown on the illustration below, a check must include the **payee**, the person to whom the check is written, the **drawee**, the financial institution upon which the check is written, and the **drawer**, the person who is writing the check.


Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555

501
01-1
510

______________ 19 ____

PAY TO THE ORDER OF George Price $ ________

________________________ DOLLARS

Student National Bank

PRACTICE, NON-NEGOTIABLE

Memo

Mary Merchant

|:0000 " 0000|: 01"48"1378"'

OBJECTIVE 6

Identify legal requirements concerning checks.

As an employee of a financial institution, it is very important for you to understand some important legal principles concerning checks.

A correctly completed check represents an obligation of the **drawer** to the **payee.** When a **drawer** writes a check to a **payee,** he/she is, in effect, promising the **payee** that the amount of the check can be collected from the **drawee.** The **drawer** is legally responsible to the **payee** if the bank does not pay the check.

The **drawer** of a check also enters into a contract with the **drawee.** When the customer opens a checking account with the **drawee** financial institution, he/she signs a signature card which the financial institution keeps on file. This card usually has the rules and regulations of the financial institution printed on them. The **drawee** is legally responsible for making sure, before it pays a check, that the **drawer's** signature is authorized and genuine. If the financial institution pays a forged check, it is legally responsible and must take the consequences.

A financial institution must pay a valid check, that is, a check that meets all of the requirements of negotiability. The financial institution must also be sure it pays a check to the right person. That is why a **drawee** requires acceptable identification when it pays a check at a teller window.

If a customer does not have sufficient funds in his/her account to cover the check, the financial institution can refuse to pay the check. The **payee** can then take legal action against the **drawer.**

OBJECTIVE 7

Identify the five main types of endorsements.

NOTE: When a person wants to transfer title of a check or negotiable instrument to another person, they must endorse that item. There are five principle types of endorsements and each serves a particular purpose:

- **Blank Endorsement**—This consists simply of the signature of the instrument's previous holder. (On a check made payable to you this would be your signature).

- **Special Endorsement**—The previous holder names the party to whom rights are being transferred, and signs the instrument. (On a check made payable to you that you want Agnes William to have, you would write "Pay to Agnes Williams" and sign your name).

- **Restrictive Endorsement**—In addition to signing the instrument, the previous holder identifies the purpose of the transfer and restricts the use to which the instrument can be put. The most common example is writing "For deposit only" and signing your name below. This endorsement insures that the check may only be deposited at the financial institution.

- **Qualified Endorsement**—This types of endorsement limits the endorser's liability. The words "without recourse" or words with similar meaning, are used as part of the endorsement. Never accept a check with this endorsement. Always show the item to your supervisor.

- **Conditional Endorsement**—This type of endorsement authorizes payment only upon a stipulated condition. Since we have no way of verifying whether or not the stipulation has been met, we should not accept this type of endorsement. Such checks are very rare and should always be referred to an officer or supervisor.

NOTE: An endorsement may be typed, rubber-stamped, or printed. All are considered acceptable by the Uniform Commercial Code. The payee must endorse the check to transfer it. A check can be negotiated (endorsed) any number of times. When a payee negotiates a check to another party, he/she is giving that person the right to either cash the check or negotiate it to someone else.

ENDORSEMENTS ARE GUARANTEES

- Each endorser guarantees:
  - That upon proper notification, he/she will pay the amount of the check if it is dishonored.
  - All prior endorsements, meaning that the endorser's signatures are genuine and authorized.
  - That to his/her knowledge, the check is genuine and free of defects. This protects the financial institution from any disagreements between the payee and the maker, or the payee and a second endorser.

- That he/she has a good title to the check and the right to transfer it to someone else or to cash it.
- That he/she has not altered the check in a way that would affect its negotiability.

The qualified endorsement is the only instance in which the endorser is not held responsible for the value of the check if it is dishonored. That is why you never accept a check endorsed this way.

OBJECTIVE 8

Explain what happens to an on-us check, a local check, and a transit check after it has been deposited at a financial institution.

Once a check is cashed or deposited at a financial institution, the institution must find a way of getting the money from the drawer's account. This process is called collecting the check. The bank collection system allows financial institutions to collect checks quickly and efficiently.

There are three different types of checks:

- An on-us check is a check drawn on our financial institution.
- A local check is a check drawn on another financial institution in our town or community.
- A transit check is a check drawn on an out-of-town financial institution.

Each of these checks flows through the bank collection system in a different way.

ON-US CHECK

The on-us check (sometimes referred to as a **house** check) never leaves the financial institution once it has been presented at the teller window. A customer may deposit the check, or cash it. Either way, the same steps are followed:

After a check is presented at the teller window it is sent to the proof department. In the proof department two things are done: proving—checking the records of every transaction to see that no error has been made; and sorting—dividing checks into various categories for further processing.

When the proof department is finished with a check it is then routed to the bookkeeping department. The record of the balance of each depositor's account is kept in the bookkeeping department. When bookkeeping receives a check written by a depositor, the amount of the check is subtracted from the depositor's account. This is called posting. Bookkeeping also posts deposits by adding them to the depositor's account. Once the amount of the check or deposit slip is posted to the customer's account the transaction is complete. The customer will receive a statement each month detailing each check posted and each deposit posted to the account.

LOCAL CHECK

When a local check (a check drawn on another institution in town) is accepted at a teller window for deposit or to cash, a slightly different procedure is followed. They still proceed to the proof department for proving and sorting. During the sorting process, local checks are sorted to the local institutions or to the local clearinghouse. The checks are presented for payment either by direct presentment, or through the clearinghouse. A clearinghouse is a group of financial institutions that voluntarily establish a meeting place for the exchange and settlement of checks. Direct presentment means that the financial institution will personally deliver local checks to other financial institutions. Most communities with more than two institutions will have some type of clearinghouse to aid in the convenience of clearing checks.

Once the check reaches the other local institution, it is sent to that institution's proof department. Here they are sorted in with the on-us checks and go directly to the bookkeeping department for posting.

TRANSIT CHECK

When a transit check (a check drawn on a financial institution in another community) is presented at the teller window it is cleared using still another procedure. As always, the check is first sent to the proof department for proving and sorting. Then all out-of-town checks are sorted to the transit category. Transit checks are cleared through the Federal Reserve System, the Federal Home Loan Bank (if it's a Savings and Loan Association), a correspondent bank or by direct presentment.

Two considerations determine which method a financial institution uses to collect out-of-town checks—speed and cost. Banks make money by putting depositors' money to work in loans and investments. A financial institution cannot put a deposit to work until the checks have been collected. Therefore, it is important to collet checks as quickly as possible. Speed is important, but cost is also important. Perhaps the fastest way to clear checks is to send a special messenger by jet across the country. However, this would cost a great deal and is impractical.

Correspondent banks are banks that have a special arrangement with another bank to exchange services. Among other things, these banks often help each other collect out-of-town checks.

The Federal Reserve System is composed of twelve banks that, among other things, act as a clearinghouse for transit checks.

This allows a check drawn on a financial institution in New York, but deposited in a financial institution in California, to be cleared quickly and accurately.

Once the transit check reaches the drawee institution, it is once again sent to the proof department for proving and sorting. When it is sorted with the other on-us checks it goes to the bookkeeping department for posting to the maker's account.

OBJECTIVE 9 **Identify characteristics of a cash item and non-cash item.**

Despite the huge amount of checks processed each day, only one check out of every 200 will be rejected; the other 199 will be "good". It is this basic fact that allows financial institutions to operate under the assumption that most checks received each day will be processed without problem. The check collection process operates on an exception basis. When a customer makes a deposit he/she is given immediate, provisional credit for the checks in that deposit. This means that the customer's account balance is increased for the amount of the deposit immediately. "Provisional" means that the financial institution has the right to reverse any part of that deposit that proves to be worthless. If John Doe deposits $20 in cash and a $50 check, the financial institution will credit his account for $70 that same day. If the check is worthless, the financial institution has the right to debit his account for $50; the amount of the check.

In the above example, the time between depositing the $50 check and having that check paid or returned is called "float". The amount of float is the amount of uncollected funds.

A customer's "book balance" includes float of uncollected funds.

A customer's "collected balance" does not include float.

Customers are not allowed to withdraw uncollected funds.

Noncash items **MUST** be sent for collection. Therefore, they never contain float. The customer does not receive credit for the deposit until the item or items clear.

OBJECTIVE 10

Identify the ABA bank I.D. number and other identifying codes.

All financial institutions in the United States are identified with a transit number. This number is printed in the upper right corner of all checks drawn on that financial institution. The transit number is always written in two parts, separated by a hyphen. The part before the hyphen uses number 1 through 49 to identify particular large cities, 50 through 99 indicates states, and 101 identifies territories and dependencies of the United States. The number for cities is determined by population so all financial institutions in New York City have a prefix number 1, Chicago 2, Philadelphia 3, and so on. The part following the hyphen identifies the individual financial institution.

Checks also contain a check routing number, since most checks contain both the transit number and the routing number on them, these terms are used interchangeably. The routing number specifies the Federal Reserve District in which the financial institution is located. The transit number and routing number are both written in the upper right corner as a fraction. The top part of the fraction is on the transit number and the bottom part is the routing number.

Knowing how to read these numbers can be very helpful when deciding to accept a check for deposit or for cashing at the teller window, or for doing account research.

Beginning in the lower left corner of the check, the first number that appears is the check routing symbol. The first two digits show the Federal Reserve District number for that institution. For example, all banks in the state of Oklahoma have a routing number that begins with 10; all savings and loan associations have a 30 (throughout the United States savings and loan associations have a routing number that is exactly twenty higher than the Federal Reserve number serving that area). The third digit identifies the Federal Reserve office or branch that serves the drawee institution. Since Oklahoma is served by the branch in Oklahoma City, the third digit on a check drawn on an Oklahoma financial institution would be a 3. The fourth digit shows the bank's availability schedule for receiving credit on a deposit (a zero in this field indicates that the check is given immediate credit by the Fed). The next four numbers are the institution's identifying number or transit number. The next digit verifies the routing number's accuracy in computer processing.

The next sequence of numbers indicates the customer's account number assigned to it by the financial institution. This number is particularly important to the institution for maintaining accurate account records and preparing monthly statements.

The following sequence of numbers indicates the check number. Once again, having this number printed in MICR at the bottom of the check increases the institution's ability to prepare statements and account information in a timely fashion for the customer.

The last sequence of numbers indicates the dollar amount of the check. This amount is encoded on the check by the first institution to receive the check.

The Federal Reserve requires MICR encoding on all checks that are sent to it for processing. MICR encoding significantly increases the speed at which the checks can be processed and with the number of checks the Federal Reserve handles each day they are justified in making this requirement.

OBJECTIVE 11

Identify characteristics of a safe check.

- High check number.

  The check number usually appears in the upper right hand corner. Look at this number carefully. Low check numbers (101 to 200) indicate a new account, and most bad checks are written on new accounts. In fact, 90% of all bad checks are numbered between 101 and 200. Many checks have a small date code printed on them. The date code usually appears by the name and address of the customer in the upper left hand corner. The date code records the month and year the account was opened which also helps you determine the newness of the account. Remember: low numbered checks or checks with a recent date code should be handled with caution.

- Perforated edge.

  At least one side of a check **MUST** have a perforated edge. The only check that is an exception to this rule is a government paycheck. Checks must be torn from the checkbook, or the computer printout, or from a duplicate check-pack—all creating a perforated edge.

- Magnetic ink is dull.

  The MICR (magnetic ink character recognition) encoding at the bottom of a check must be dull. It will not reflect light if tilted toward the light. If it does reflect light it has been printed with the wrong type of ink and is a forgery.

- Routing numbers must match.

  The fraction number in the upper right corner must match the encoded routing number at the bottom of the check.

- Routing number and Federal Reserve District number must match.

  The address of the financial institution on which the check is drawn must match the Federal Reserve District number shown in the routing number. As a guideline, the East Coast states should have numbers 1-6; Midwest states should have the numbers 7-11; and West Coast states should be numbered 12. Any Oklahoma address for a bank should have the number 10; a savings and loan association will have a 30. All savings and loan associations will have a Federal Reserve number exactly 20 higher than the bank number for that same address.

- As a rule, the handwriting on a check should be the same and in the same type of ink.

- Avoid accepting checks written with a felt tip pen.

  It is easier for a forger to forge a signature using a felt tip pen. For the same reason, don't accept a felt tip endorsement.

OBJECTIVE 12 **Identify other types of negotiable instruments.**

BANK DRAFTS

- Used to complete business transactions or for personal reasons

  NOTE: Sometimes customers want money available immediately in other cities or countries so they use a bank draft.

- Banks and businesses in foreign countries usually do not accept personal or cashier's checks.

- Good way to send money overseas.

  NOTE: If a check is sent, it may take as long as two or three months for it to be processed.

- Teller completes the draft for the customer.

  NOTE: This information consists of to whom the draft is made payable, amount, purchaser's name, and date.

- Customer is responsible for mailing the draft.

- May be made out in foreign currency but must be handled through correspondent bank if bank does not have facility to complete it.

- Is handled like any other negotiable instrument when cashing.

- A fee is charged for issuing the draft.

- Officer must hand-sign the draft.

CASHIER'S CHECKS

- Check drawn by bank on itself and signed by cashier or someone authorized to act on cashier's behalf.

  NOTE: The maker and the drawee are both a single financial institution.

- Drawn against funds of the financial institution.

- Used to complete business transactions that require assurance that the check is good and immediately convertible into cash.

- A small fee is charged.

- A Teller types all necessary information on the check.

  NOTE: This information includes to whom the check is payable, the amount in figures, date, and purchaser's name.

- The amount is imprinted by check protector.

- The customer is given a copy as a receipt.

TRAVELER'S CHECK

- Paid for in advance and guaranteed by issuing financial institution.

- Replaced quickly if lost or stolen.

- Cashed almost anywhere at almost any time when holder presents proper identification.

- Exchanged for foreign currency at current rate of exchange.

- A one percent charge is added to the cost of the checks.

- Purchaser must sign name once on face of each check at the time of purchase and a second time in the presence of a teller or business person when cashed.

  NOTE: If the check has been signed already, have the customer sign opposite end of the check. This enables you to fold it over and compare signatures.

- A major issuer of traveler's checks is American Express.

- Checks come in denominations of $10, $20, $50, and $100.

- Customer needs to be informed what to do in case of theft.

- Two forms of identification must be presented when cashing for noncustomers.

  NOTE: There is usually a set limit for cashing traveler's checks for noncustomers.

- When cashing checks make sure they are made payable in U.S. dollars.

- Traveler's checks are good all over the world.

MONEY ORDERS

NOTE: People who do not have a checking account use money orders to pay small bills.

- Used for personal, business, and financial transactions.
- It is a check offered for sale to the public.
- A fee is charged for each order.
- Orders are issued in numerical sequence.
- Orders cannot be issued for more than maximum amount printed on face.

  NOTE: A money order issued for an amount over the maximum amount will not be honored and will be returned. If a customer needs more than the maximum amount, suggest a cashier's check.
- The customer fills in all parts of the order.

  NOTE: This can be done at the convenience of the customer. It does not have to be filled out when purchased.
- Amount is printed by means of a check protector.
- Customer gets receipt in case questions arise regarding the order.

  NOTE: This would be handled just as if you were cashing a check.
- When cashing money orders make sure they are made payable in U.S. dollars.
- Money orders are good all over the world.

BONDS AND U.S. TREASURY COUPONS

NOTE: Bonds are formal promissory notes, most often payable to bearer, issued in large quantities by a company or a governmental body to borrow money by selling them to the public. Most contain lengthy provisions in fine print and are printed on ornate engraved paper. Also, most of them will have one or more pages of interest coupons attached.

- Can be cashed by most banks provided the bank is certain coupons will be paid on presentation.

- If the bond coupons bear the phrase "unless previously called for redemption", do not cash or accept for deposit.
- Watch for bonds stipulating that an ownership certificate must accompany coupon before being redeemed.
- Place coupons in special coupon envelope when accepted.

  NOTE: The teller should make certain that the customer indicates on the outside of the envelope where the coupons are payable, when due, name of person presenting them, number of coupons, amount of each, and total.
- Route coupons to collection department for further handling.
- Give customer receipt to show that coupons are being held for collection.
- Have customer sign coupon or type name on back.

  NOTE: This is used as a precaution just in case the coupon should get out of the envelope.
- Make sure that bonds are worth what is printed on them.
- Remit treasury coupons for redemption through the Federal Reserve.
- Make certain of due date.

SERIES EE AND SERIES HH BONDS

NOTE: Two series of savings bonds are now available. Series EE is an accrual security and Series HH is a current-income security.

SERIES EE

- Available for purchase over-the-counter at or through most financial institutions and through payroll savings plans offered by employees.
- Accrual securities allow interest to be credited periodically increasing the bond's total redemption value.
- Issue date is the first day of the month in which full payment is received by any issuing agent.
- Interest is paid only when a bond is redeemed.

- When held five years or longer, the interest becomes market-based, retroactive to the first day of the month of purchase.

NOTE: The latest market-based rate information is available 24 hours a day by calling toll-free, 1-800-USBONDS.

SERIES HH

- Available only on exchange for eligible Series EE/E bonds and U.S. Savings notes with total redemption values of $500 or more.
- Issued only by Federal Reserve Banks and the Bureau of the Public Debt.
- These are current-income securities.
- They pay interest semi-annually by check or electronic funds transfer.
- The issue date determines the schedule of interest accruals or payments and the maturity rate of bond.
- Issue date is the first day of the month in which the securities being exchanged are received by an authorized agent.
- The term of maturity is ten years and are not eligible for market-based rates.

NOTE: For further details about Series EE and Series HH bonds, contact your Federal Reserve Branch Bank or the Bureau of the Public Debt, Savings Bond Operations Office, Parkersburg, WV 26106-1328.

OBJECTIVE 13

Identify benefits of the Electronic Funds Transfer Service (EFTS).

Financial institutions handle nearly 40 billion checks per year. With this kind of volume, automation in check processing becomes critical. Finding substitutes for checks is also important so financial institutions have used advanced technology to help them solve this problem. Transferring funds electronically is one way to cut down on the volume of paper items processed.

Many corporations provide their financial institution with magnetic tape data containing information about each payroll check so that no check has to be processed. The Social Security Administration has successfully introduced direct deposit payments to retirees, guaranteeing payment on the due date.

Customers can authorize **automatic transfers** from one account to another to make loan payments or promote savings plans. Customers can also authorize their financial institutions to make automatic charges to their accounts to pay insurance premiums or make donations to charities.

Another form of electronic funds transfer is the **point-of-sale-terminal.** These terminals allow a customer to pay for items without writing a check or paying cash. The terminals may appear in a grocery store, for instance, and the customer simply uses his/her plastic card and personal identification code to access the account. Even with this type of convenience, a totally "checkless society" will probably not occur. Many people still feel more comfortable using something they can "get their hands on" such as checks or cash.

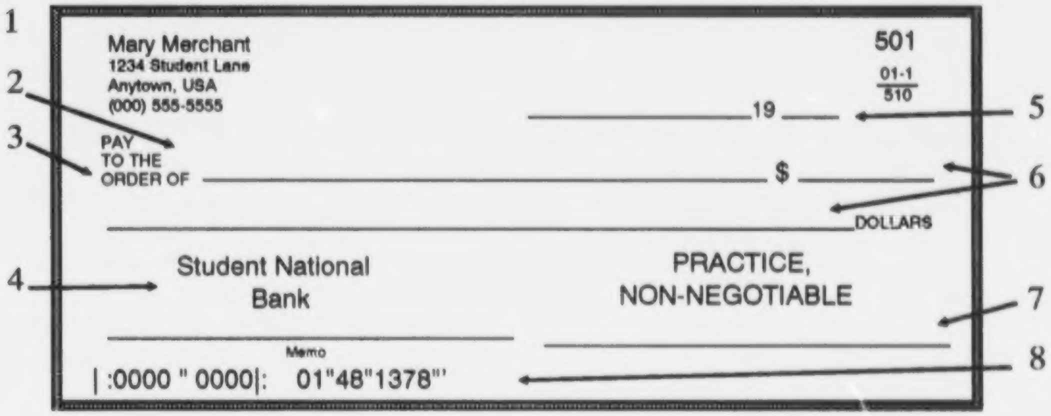
Preauthorized payments allows a customer to make regular monthly bill payments electronically. The customer simply notifies the financial institution, in writing, which payments must be made and to which businesses. The financial institution then makes the appropriate transfer between accounts. This saves the customer time and money for postage and envelopes he/she would have to expend.

Wire Transfers are another way in which deposits can be made to accounts. The Federal Reserve provides a wire network that links the twelve Federal Reserve districts. Large business transactions are frequently completed this way. Bank Wire is a private network that makes immediate transfers of funds throughout the country. Wire transfers are rapid and efficient because they reduce the movement of funds to mere bookkeeping entries.

REQUIREMENTS FOR NEGOTIABLE INSTRUMENTS

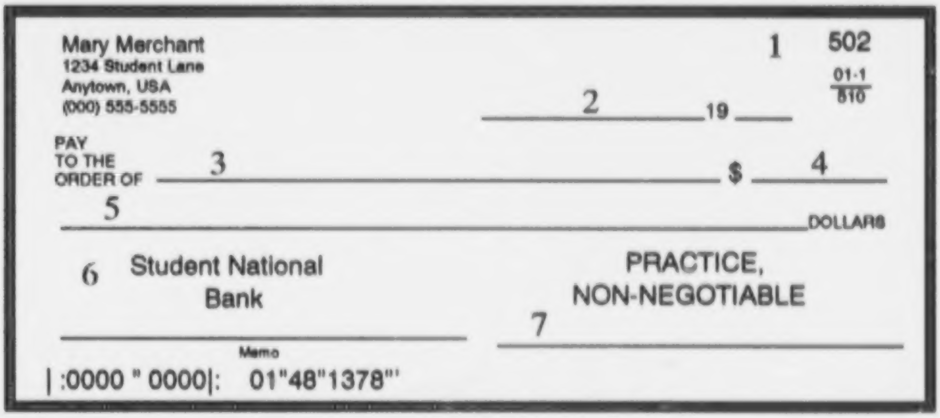
1. Must be written
2. Must contain an unconditional promise to pay
3. Must be a specific sum of money (sum certain)
4. Must be signed by the maker
5. Must be payable on demand or at a definite future time
6. Must be payable to bearer or to order

REQUIREMENTS THAT MAKE A CHECK NEGOTIABLE


1
2
3
4
5
6
7
8
Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555
501
01-1
510
19
PAY TO THE ORDER OF
$
DOLLARS
Student National Bank
PRACTICE, NON-NEGOTIABLE
Memo
|:0000 " 0000|: 01"48"1378"'

1. A written order
2. To pay to bearer or someone's order
3. Containing unconditional instructions
4. To his/her financial institution
5. On or after a certain date
6. A certain sum of money on demand
7. Signed by the maker/drawer
8. Out of the maker's/drawer's checking account

ELEMENTS OF A CHECK



Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555

1 502

01-1
510

2 19

PAY
TO THE
ORDER OF 3 $ 4

5 DOLLARS

6 Student National
Bank

PRACTICE,
NON-NEGOTIABLE

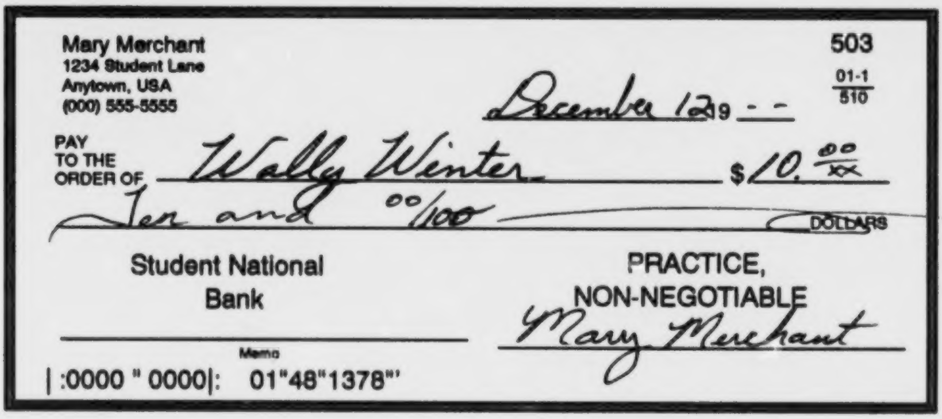
7

Memo

|:0000 " 0000|: 01"48"1378"'

1. Check number
2. Date
3. "Pay to the Order of" (PAYEE)
4. Amount in numerals
5. Written Amount
6. Bank on which check is drawn (DRAWEE)
7. Signature of DRAWER

RESTRICTIVE ENDORSEMENT



Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555

503

01-1
510

December 12 19 - -

PAY TO THE ORDER OF Wally Winter $10.$^{00}_{xx}$

Ten and 00/100 DOLLARS

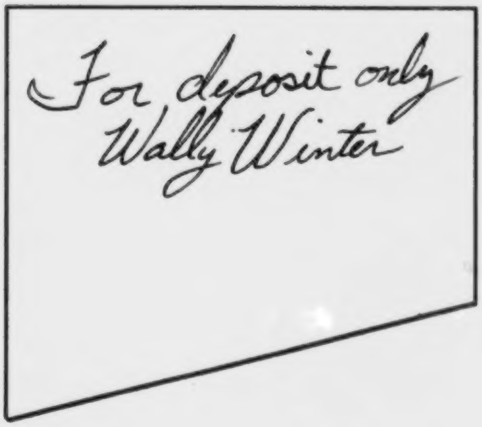
Student National Bank

PRACTICE, NON-NEGOTIABLE

Mary Merchant

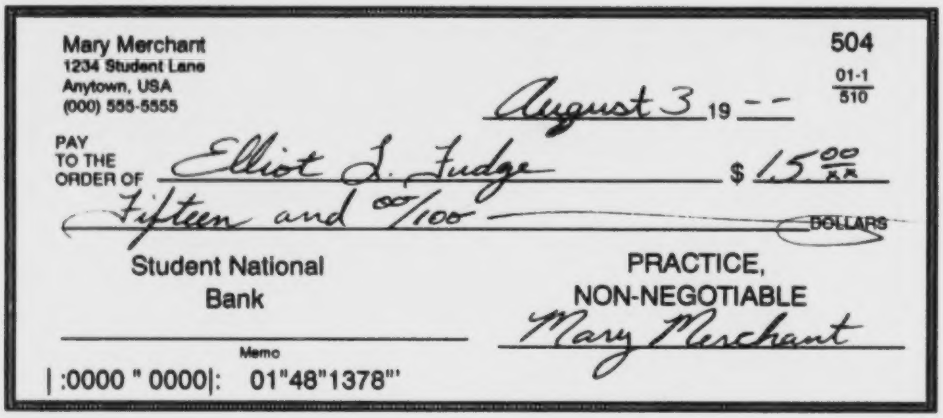
Memo

|:0000 " 0000|: 01"48"1378"'



For deposit only
Wally Winter

RESTRICTIVE ENDORSEMENT



Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555

504

01-1
510

August 3 19 - -

PAY TO THE ORDER OF Elliot L. Judge $ 15.00/xx

Fifteen and 00/100 DOLLARS

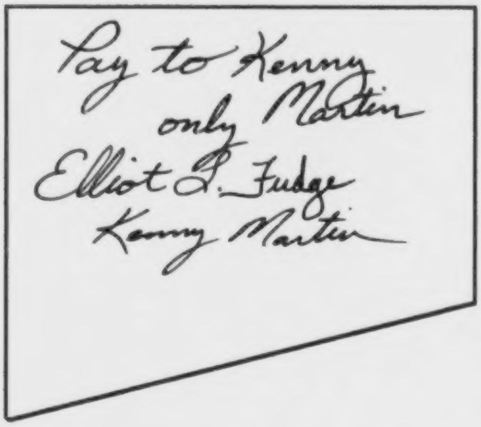
Student National Bank

PRACTICE, NON-NEGOTIABLE

Memo

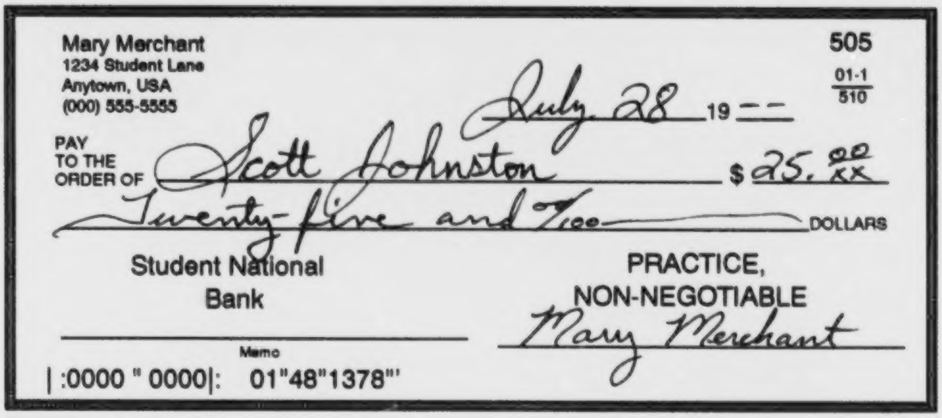
Mary Merchant

|:0000 " 0000|: 01"48"1378"'



Pay to Kenny
only Martin
Elliot L. Judge
Kenny Martin

SPECIAL ENDORSEMENT



Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555

505

01-1/510

July 28 19--

PAY TO THE ORDER OF Scott Johnston $ 25.00/xx

Twenty-five and 00/100 DOLLARS

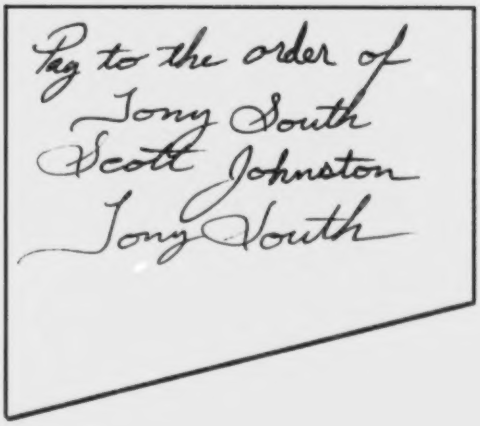
Student National Bank

PRACTICE, NON-NEGOTIABLE

Mary Merchant

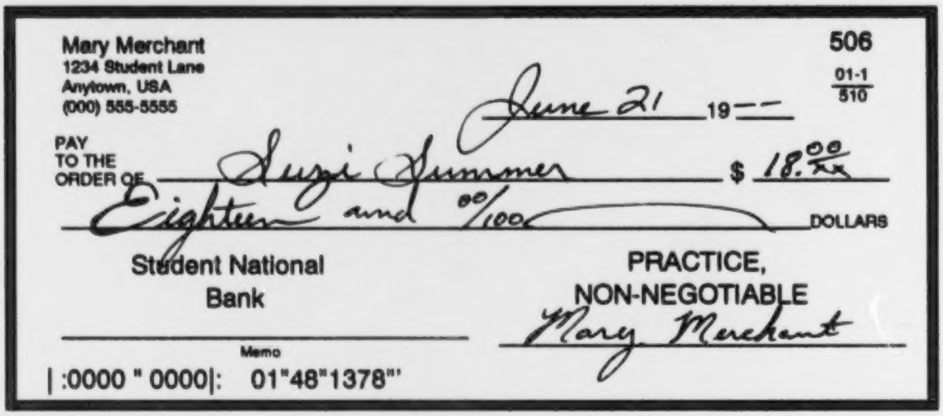
Memo

|:0000 " 0000|: 01"48"1378"'



Pay to the order of
Tony South
Scott Johnston
Tony South

BLANK ENDORSEMENT



Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555

506

01-1/510

June 21 19--

PAY TO THE ORDER OF Suzi Summer $ 18.00/xx

Eighteen and 00/100 DOLLARS

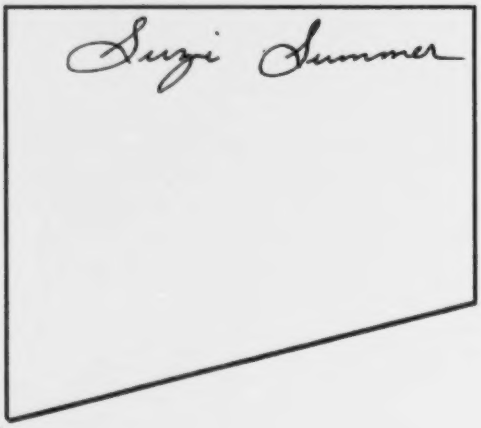
Student National Bank

PRACTICE, NON-NEGOTIABLE

Mary Merchant

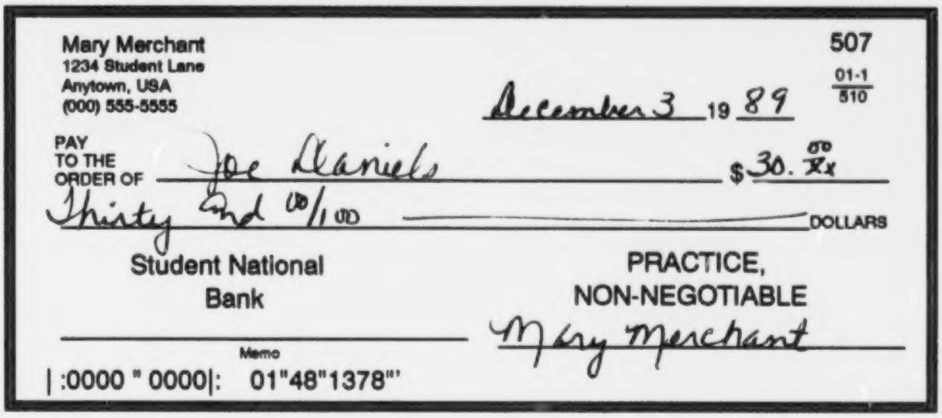
Memo

|:0000 " 0000|: 01"48"1378"'



Suzi Summer

QUALIFIED ENDORSEMENT



Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555

507

01-1/510

December 3 19 89

PAY TO THE ORDER OF Joe Daniels $ 30. 00/xx

Thirty and 00/100 DOLLARS

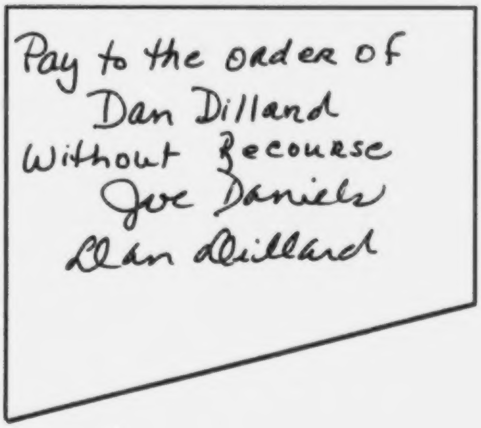
Student National Bank

PRACTICE, NON-NEGOTIABLE

Memo

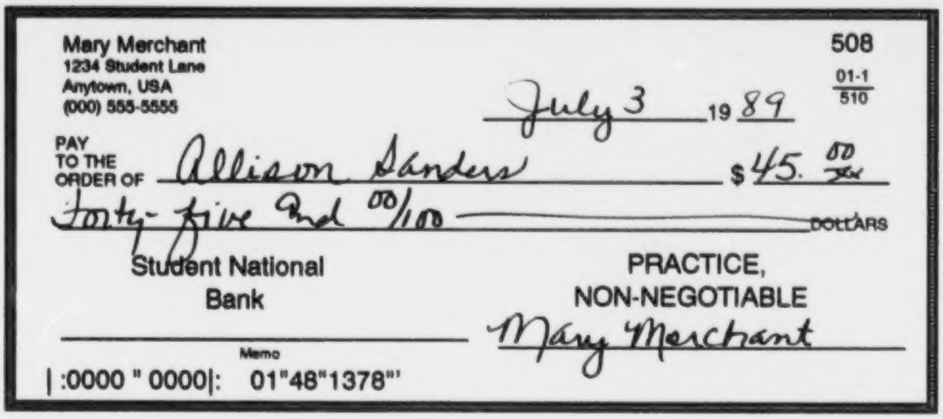
Mary Merchant

|:0000 " 0000|: 01"48"1378"'



Pay to the order of
Dan Dilland
Without Recourse
Joe Daniels
Dan Dillard

CONDITIONAL ENDORSEMENT



Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555

508
01-1/510

July 3 19 89

PAY TO THE ORDER OF Allison Sanders $45. 00/xx

Forty-five and 00/100 DOLLARS

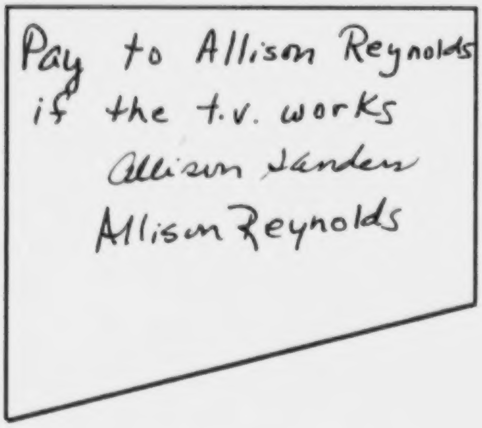
Student National Bank

PRACTICE, NON-NEGOTIABLE

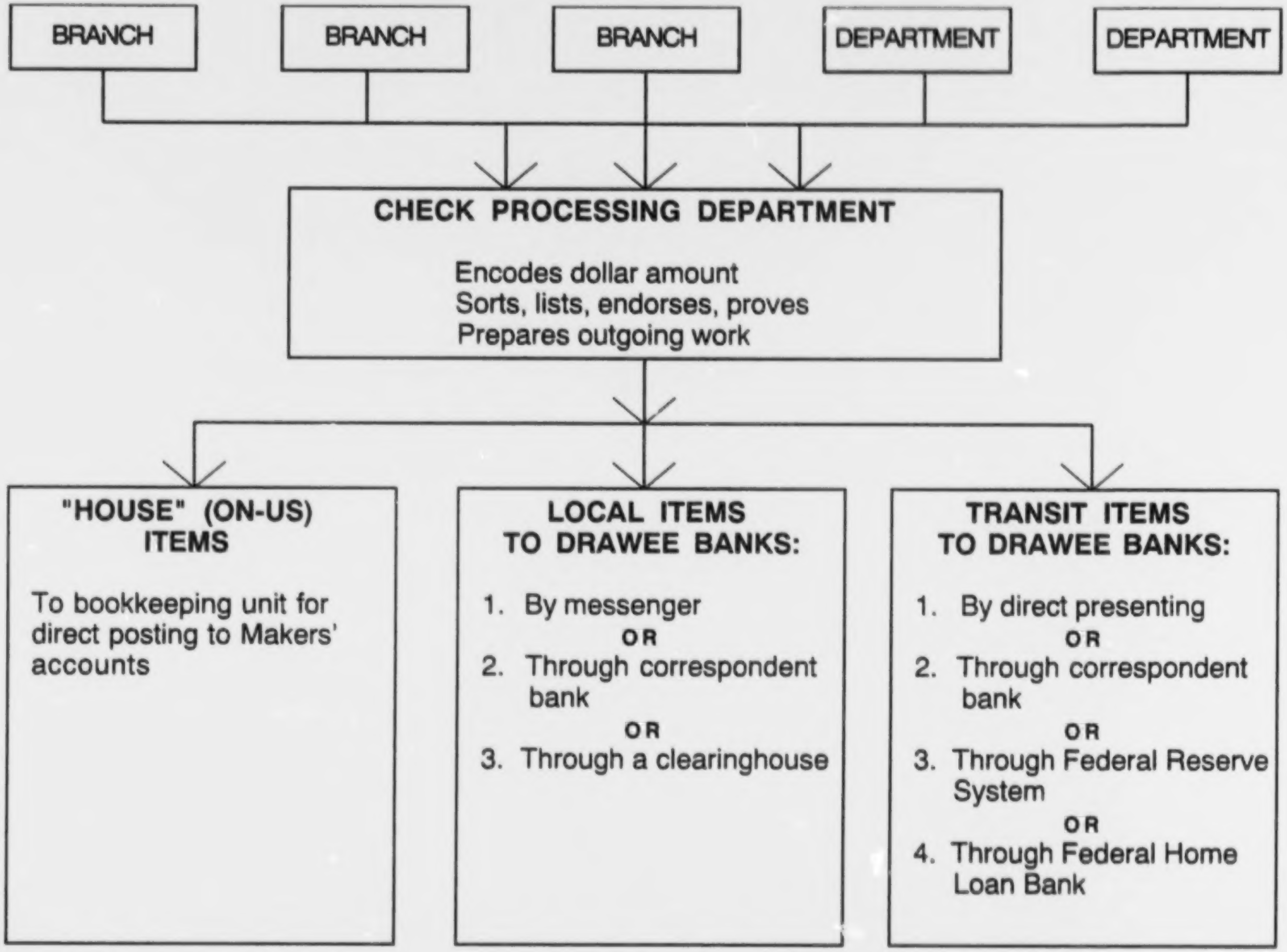
Memo

Mary Merchant

|:0000 " 0000|: 01"48"1378"'



Pay to Allison Reynolds
if the t.v. works
Allison Sanders
Allison Reynolds



BRANCH

BRANCH

BRANCH

DEPARTMENT

DEPARTMENT

CHECK PROCESSING DEPARTMENT

Encodes dollar amount
Sorts, lists, endorses, proves
Prepares outgoing work

"HOUSE" (ON-US) ITEMS

To bookkeeping unit for direct posting to Makers' accounts

LOCAL ITEMS TO DRAWEE BANKS:

1. By messenger

   OR

2. Through correspondent bank

   OR

3. Through a clearinghouse

TRANSIT ITEMS TO DRAWEE BANKS:

1. By direct presenting

   OR

2. Through correspondent bank

   OR

3. Through Federal Reserve System

   OR

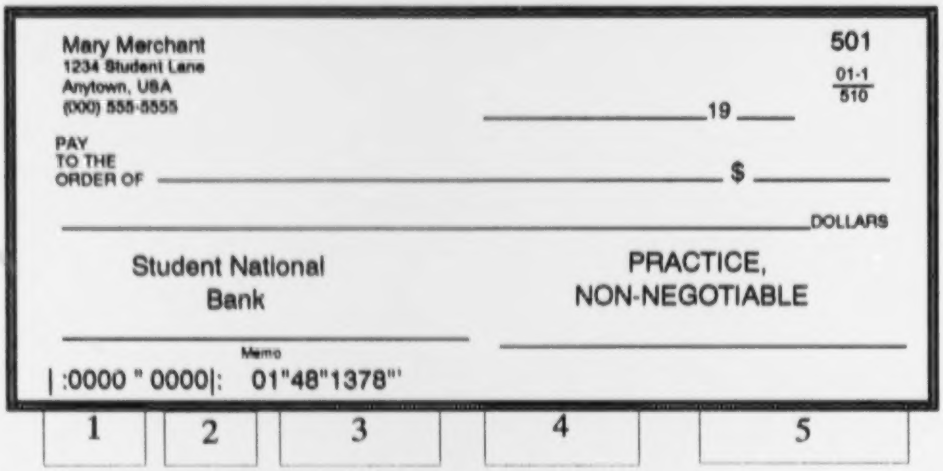
4. Through Federal Home Loan Bank

TRANSPARENCY MASTER 10 - IFS
IV - 69

TM 10

	CASH ITEMS		NONCASH ITEMS
1.	Gives customer immediate, provisional account credit.	1.	Gives customer delayed account credit.
2.	Creates float.	2.	Does not create float (account not credited until collection is completed).
3.	May be payable on demand.	3.	May or may not be payable on demand.
4.	Must not have documents attached.	4.	May have documents attached.
5.	Must not carry special instructions or require special handling.	5.	Individual, special handling required; may carry customer's or other instructions.
6.	Inexpensive; processed in bulk.	6.	More expensive to handles.
7.	Are payable in U.S. funds.	7.	May or may not be payable in U.S. funds.

PLACEMENT OF MICR DATA ON CHECKS



Mary Merchant
1234 Student Lane
Anytown, USA
(000) 555-5555

501

$\frac{01\text{-}1}{510}$

_______________ 19 ____

PAY TO THE ORDER OF ________________________ $ ________

________________________________ DOLLARS

Student National Bank

PRACTICE, NON-NEGOTIABLE

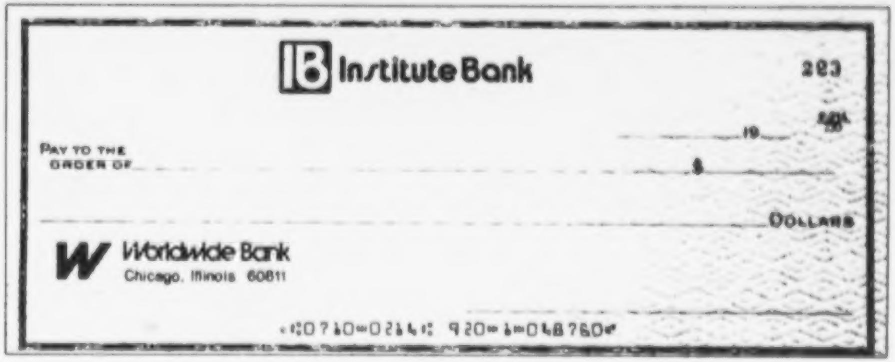
Memo

| :0000 " 0000|: 01"48"1378"'

1. Check routing sumbol: The first tow digits show the financial institution's Rederal Reserve district. The third digit identifies the Federal Reserve Office (head office or branch) or a special collection arrangement.
2. These four digits are the institutional identifier.
3. The customer's account number.
4. A field available to the financial institution to use as is necessary—usually used for the check number.
5. Dollar amount printed by the first financial institution receiving the check.

TRANSPARENCY MASTER 13 - IFS
IV - 75

Bank Drafts



Institute Bank 283

19

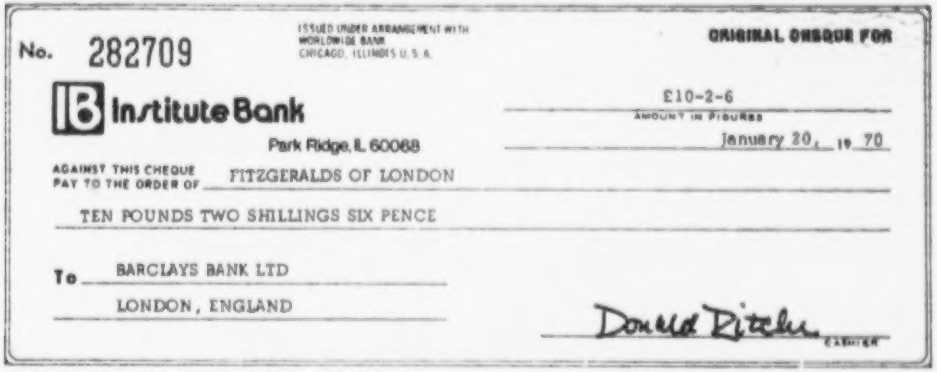
PAY TO THE ORDER OF $

DOLLARS

Worldwide Bank
Chicago, Illinois 60611

⑆0710⑉0211⑆ 920⑉1⑉048760⑈

Foreign Draft



No. 282709

ISSUED UNDER ARRANGEMENT WITH
WORLDWIDE BANK
CHICAGO, ILLINOIS U.S.A.

ORIGINAL CHEQUE FOR

Institute Bank
Park Ridge, IL 60068

£10-2-6
AMOUNT IN FIGURES

January 20, 19 70

AGAINST THIS CHEQUE PAY TO THE ORDER OF FITZGERALDS OF LONDON

TEN POUNDS TWO SHILLINGS SIX PENCE

To BARCLAYS BANK LTD
LONDON, ENGLAND

Donald Ritchie
CASHIER

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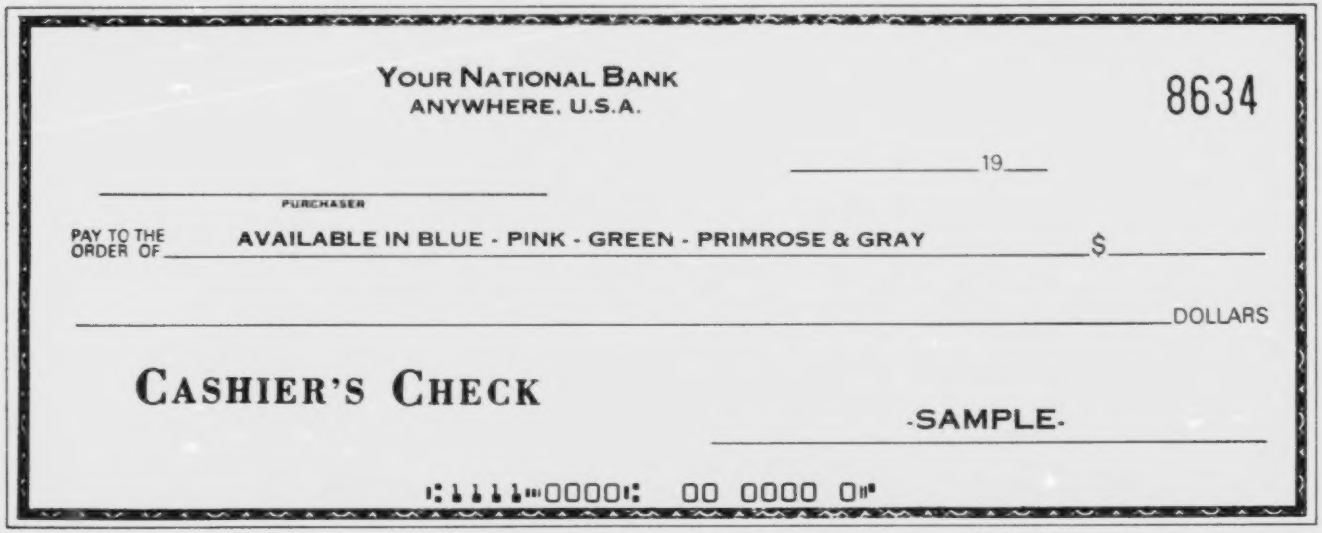
Cashier's Check



YOUR NATIONAL BANK
ANYWHERE, U.S.A.

8634

______________ 19___

____
PURCHASER

PAY TO THE ORDER OF AVAILABLE IN BLUE - PINK - GREEN - PRIMROSE & GRAY $__________

____ DOLLARS

CASHIER'S CHECK

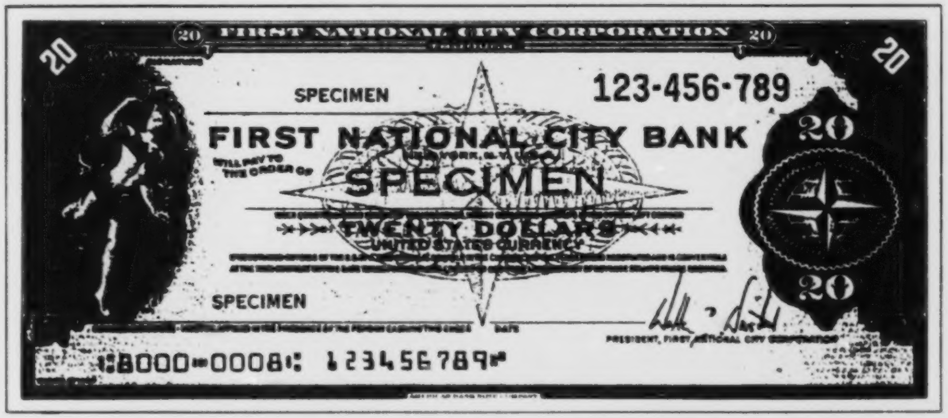
-SAMPLE-

⑆1111⑈0000⑆ 00 0000 0⑈

TRANSPARENCY MASTER 14 - IFS
IV - 77

TRANSPARENCY MASTER 15 - IFS
IV - 79

Traveler's Checks


20 FIRST NATIONAL CITY CORPORATION 20

20 20

SPECIMEN 123-456-789

FIRST NATIONAL CITY BANK

NEW YORK, N.Y. U.S.A.

WILL PAY TO THE ORDER OF SPECIMEN

TWENTY DOLLARS

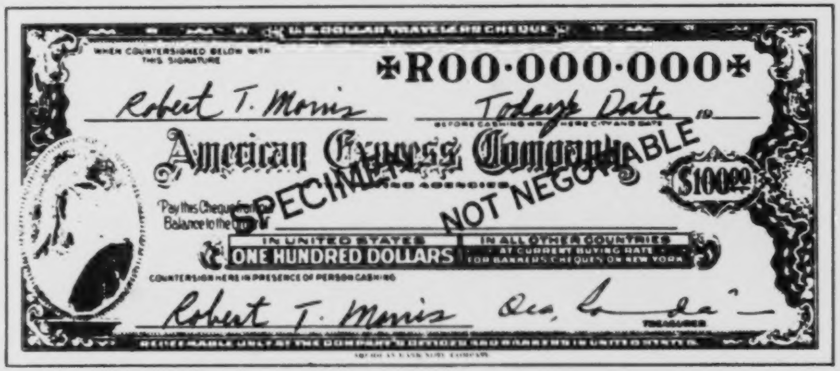
UNITED STATES CURRENCY

SPECIMEN

PRESIDENT, FIRST NATIONAL CITY CORPORATION

20 20

⑆8000⑈0008⑆ 123456789⑈


U.S. DOLLAR TRAVELERS CHEQUE

WHEN COUNTERSIGNED BELOW WITH THIS SIGNATURE

✠R00·000·000✠

Robert T. Morris Todays Date 19

BEFORE CASHING WRITE HERE CITY AND DATE

American Express Company

AND AGENCIES

$100.00

Pay this Cheque from Balance to the Order of

SPECIMEN NOT NEGOTIABLE

IN UNITED STATES ONE HUNDRED DOLLARS | IN ALL OTHER COUNTRIES AT CURRENT BUYING RATE FOR BANKERS CHEQUES ON NEW YORK

COUNTERSIGN HERE IN PRESENCE OF PERSON CASHING

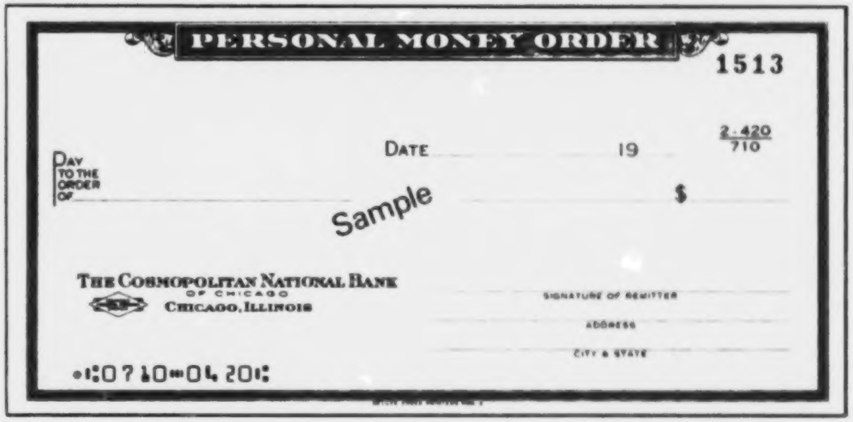
Robert T. Morris

TREASURER

REDEEMABLE ONLY AT THE COMPANY'S OFFICES AND BANKERS IN UNITED STATES

TRANSPARENCY MASTER 16 - IFS
IV - 81

Money Orders



PERSONAL MONEY ORDER

1513

DATE 19

2-420
710

PAY TO THE ORDER OF $

Sample

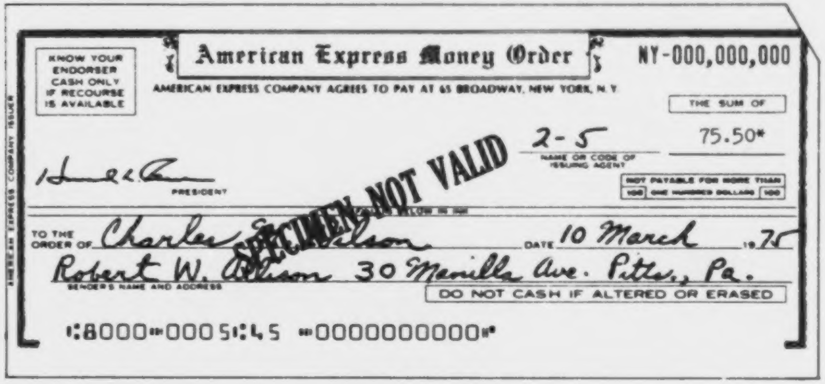
THE COSMOPOLITAN NATIONAL BANK
OF CHICAGO
CHICAGO, ILLINOIS

SIGNATURE OF REMITTER

ADDRESS

CITY & STATE

⑆0710⑉0420⑆



AMERICAN EXPRESS COMPANY ISSUER

KNOW YOUR ENDORSER CASH ONLY IF RECOURSE IS AVAILABLE

American Express Money Order

NY-000,000,000

AMERICAN EXPRESS COMPANY AGREES TO PAY AT 65 BROADWAY, NEW YORK, N.Y.

THE SUM OF

2-5
NAME OR CODE OF ISSUING AGENT

75.50*

PRESIDENT

NOT PAYABLE FOR MORE THAN
100 ONE HUNDRED DOLLARS 100

SPECIMEN-NOT VALID

TO THE ORDER OF Charles [illegible]lson DATE 10 March 19 75

Robert W. Allison 30 Manilla Ave. Pitts., Pa.
SENDER'S NAME AND ADDRESS

DO NOT CASH IF ALTERED OR ERASED

⑆8000⑉0005⑆45 ⑉0000000000⑉

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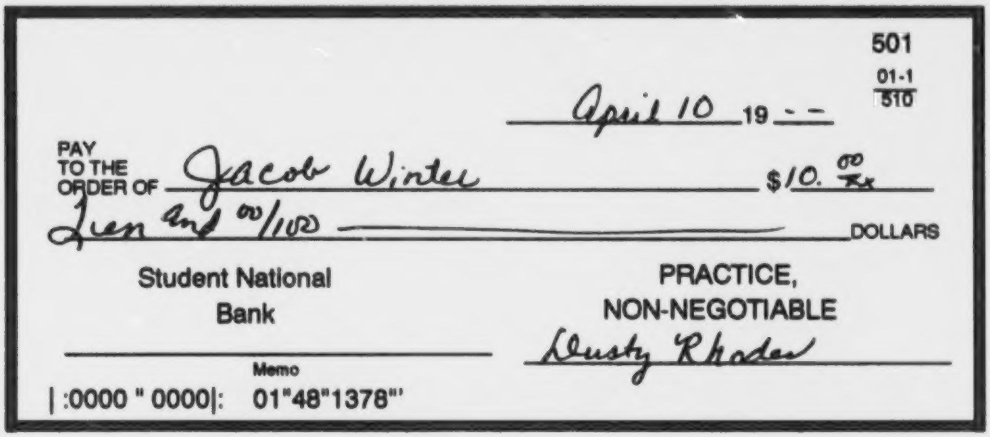
BEST COPY AVAILABLE

Remember: The person or firm who is ordering the money paid is the *Maker*. The maker's signature will usually be located in the lower right hand corner of the check. The *Maker* of the check in the following example is Dusty Rhodes.



501
01-1
510

April 10 19 --

PAY TO THE ORDER OF Jacob Winter $10. 00/xx

Ten and 00/100 DOLLARS

Student National Bank

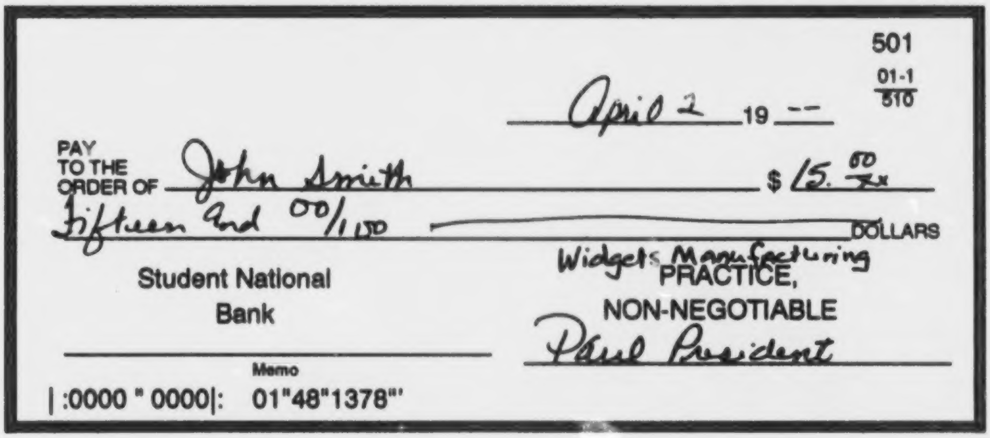
PRACTICE, NON-NEGOTIABLE

Dusty Rhodes

Memo

|:0000 " 0000|: 01"48"1378"'

In the following example, The *Maker* of the check is Widget's Manufacturing. Paul President is not the *Maker*, but is simply an employee of the company who has authority to sign checks on the company's account.



501
01-1
510

April 2 19 --

PAY TO THE ORDER OF John Smith $15. 00/xx

Fifteen and 00/100 DOLLARS

Student National Bank

Widgets Manufacturing

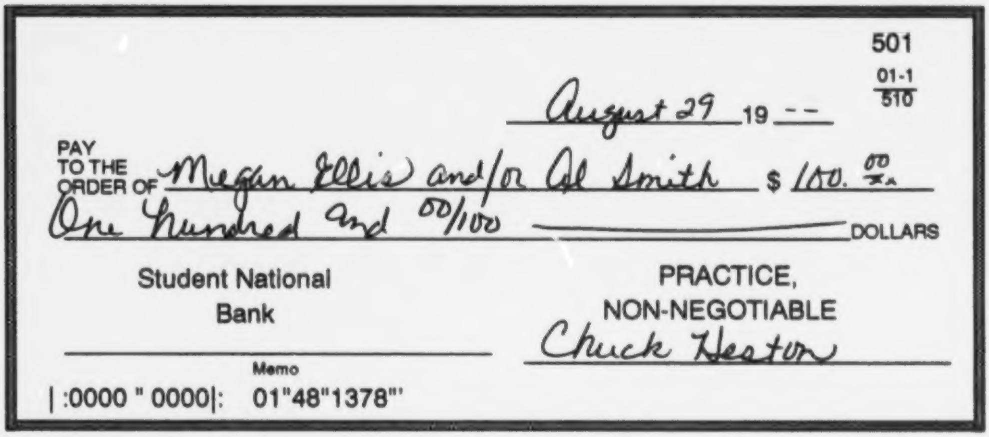
PRACTICE, NON-NEGOTIABLE

Paul President

Memo

|:0000 " 0000|: 01"48"1378"'

In the check shown below, the *Payee* is Megan Ellis and/or Al Smith. In a case such as this, the check must be endorsed by **both** Megan **and** Al. As long as both endorsements are present, the check can be cashed or deposited.


501

01-1/510

August 29 19 --

PAY TO THE ORDER OF Megan Ellis and/or Al Smith $ 100.00/xx

One hundred and 00/100 DOLLARS

Student National Bank

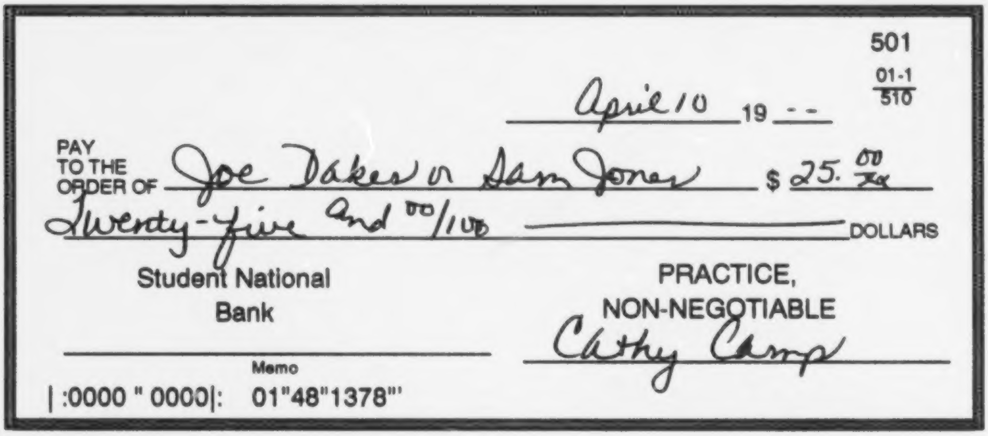
PRACTICE, NON-NEGOTIABLE

Chuck Heston

Memo

|:0000 " 0000|: 01"48"1378"'

In the check shown below, the *Payee* is either Joe Dakes or Sam Jones. This check could be cashed or deposited with the endorsement of either payee alone.


501

01-1/510

April 10 19 --

PAY TO THE ORDER OF Joe Dakes or Sam Jones $ 25.00/xx

Twenty-five and 00/100 DOLLARS

Student National Bank

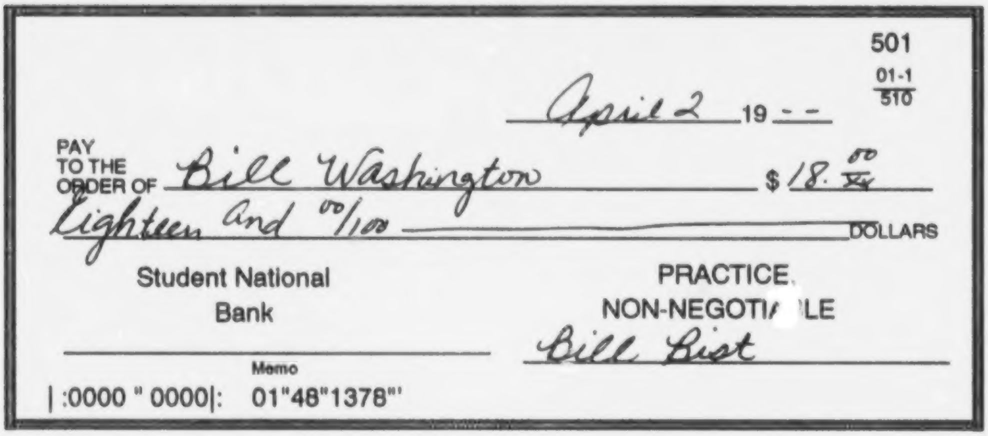
PRACTICE, NON-NEGOTIABLE

Cathy Camp

Memo

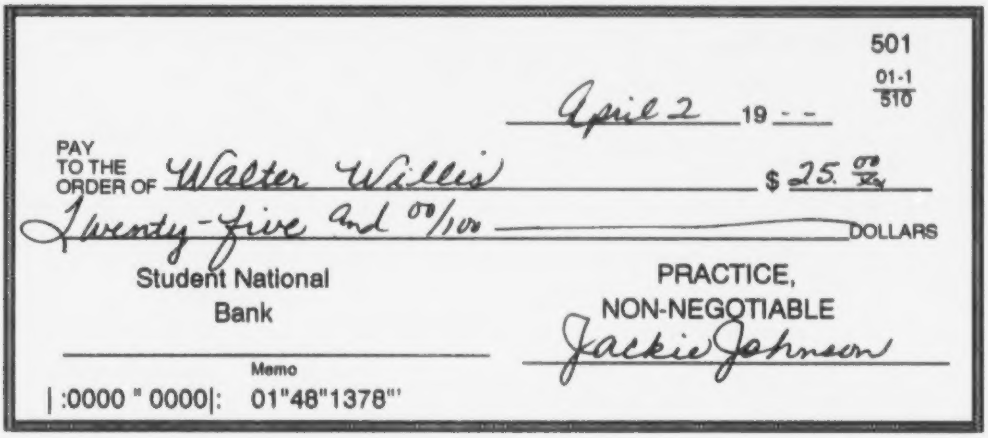
|:0000 " 0000|: 01"48"1378"'

The *Drawee* is the bank to whom the order is addressed, which is supposedly a bank where the maker maintains a checking account. The name of the drawee bank normally will appear in the lower left hand corner of the check, but if no bank is named in that position, it will usually appear across the top of the check, or in another prominent spot. In the following example, the *Drawee* of the check is the Student National Bank.

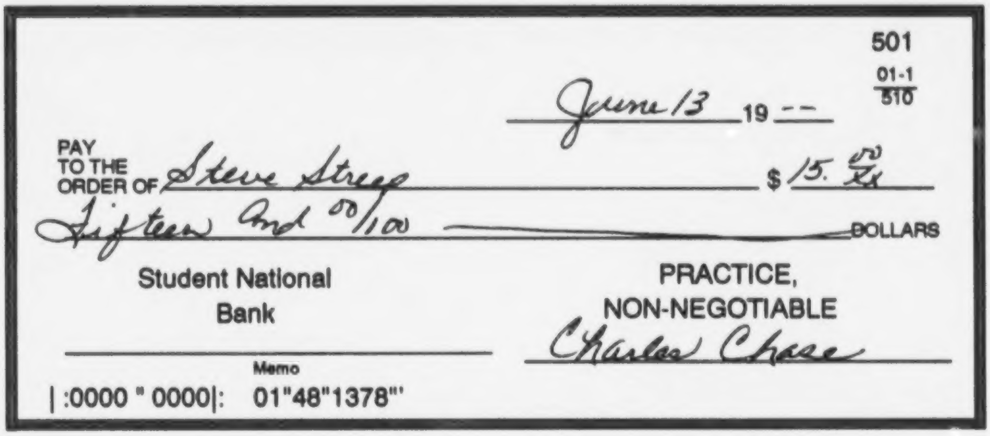

501
01-1/510
April 2 19--
PAY TO THE ORDER OF Bill Washington $ 18.00/xx
Eighteen and 00/100 DOLLARS
Student National Bank
PRACTICE, NON-NEGOTIABLE
Bill Bist
Memo
|:0000 " 0000|: 01"48"1378"'

Date: This is the date on which the check was drawn by the *Maker*. It is normally located near the upper right hand corner, but may be elsewhere on the face of the check. Some checks may not have a date written in, and these may be assumed to be drawn the day they are presented to you.

Postdated Check—A check which bears any future date. While there is nothing "illegal" about such checks, they are not valid until the date actually arrives and should not be cashed or accepted for deposit until that time. If the check below were handed to you on March 31, 19X0, it would be a postdated check.


501
01-1/510
April 2 19--
PAY TO THE ORDER OF Walter Willis $ 25.00/xx
Twenty-five and 00/100 DOLLARS
Student National Bank
PRACTICE, NON-NEGOTIABLE
Jackie Johnson
Memo
|:0000 " 0000|: 01"48"1378"'

Staledated Check—Check that bears a date that is more than 6 months old. Most checks will be drawn, negotiated and paid by the drawee bank within the space of a few days. Therefore, any check that is 6 months old must be considered stale. The maker might refuse to allow the check to be paid on his/her account due to the lapse of any unreasonable amount of time. If you were handed the check below on January 3, 19X1, it would be a staledated check.



501

01-1
510

June 13 19 --

PAY TO THE ORDER OF Steve Streep $ 15. 00/xx

Fifteen and 00/100 DOLLARS

Student National Bank

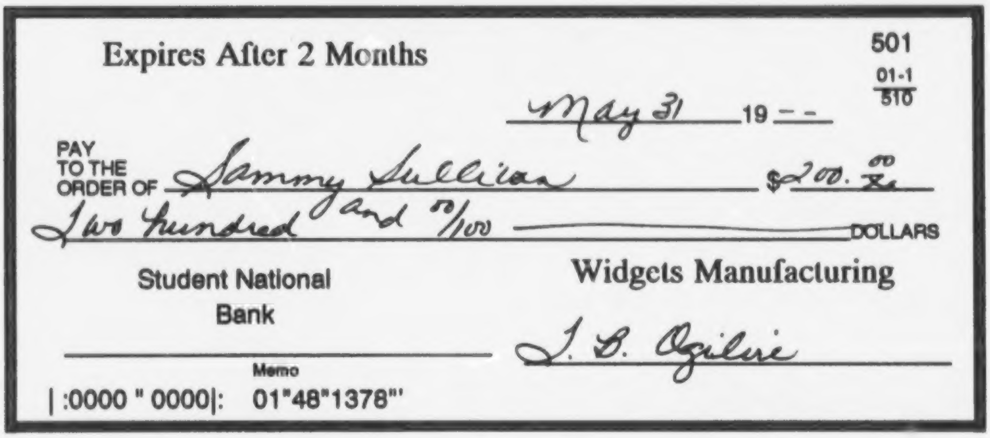
PRACTICE, NON-NEGOTIABLE

Charles Chase

Memo

|:0000 " 0000|: 01"48"1378"'

Expiration Dates—Some firms place an expiration date on their checks to induce the payee to negotiate them quickly. Ordinarily, you should not accept any check after such an expiration date has passed. If the following check were handed to you on August 3, 19X0, you should decline to accept it, and explain to the customer that he/she must contact the maker directly for payment.



Expires After 2 Months

501

01-1
510

May 31 19 --

PAY TO THE ORDER OF Sammy Sullivan $ 200. 00/xx

Two hundred and 00/100 DOLLARS

Student National Bank

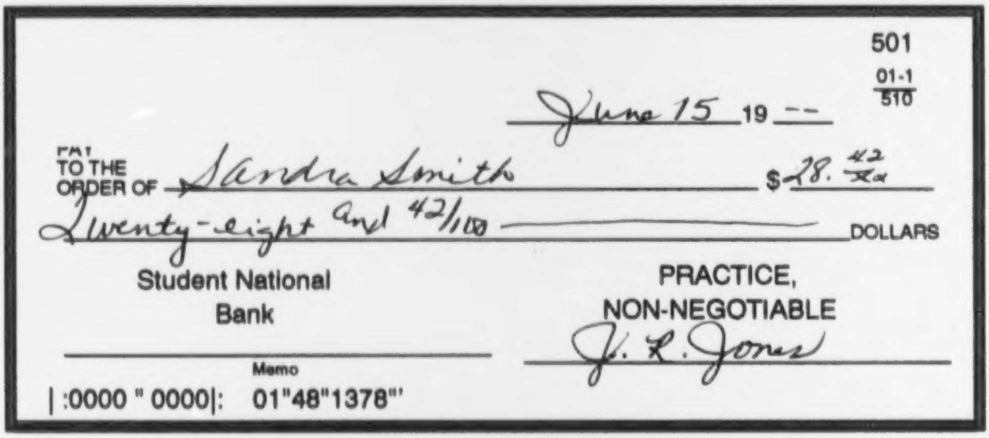
Widgets Manufacturing

I. B. Ogilvie

Memo

|:0000 " 0000|: 01"48"1378"'

Figure Amount—The exact amount of money to be paid expressed in numbers. Many checks have the figure amount located immediately following the name of the payee, but some company checks may have the figure amount in any position on the face of the check. The figure amount of the check in the following example if $28.42.


501
01-1/510

June 15 19 --

PAY TO THE ORDER OF Sandra Smith $28.42/xx

Twenty-eight and 42/100 DOLLARS

Student National Bank

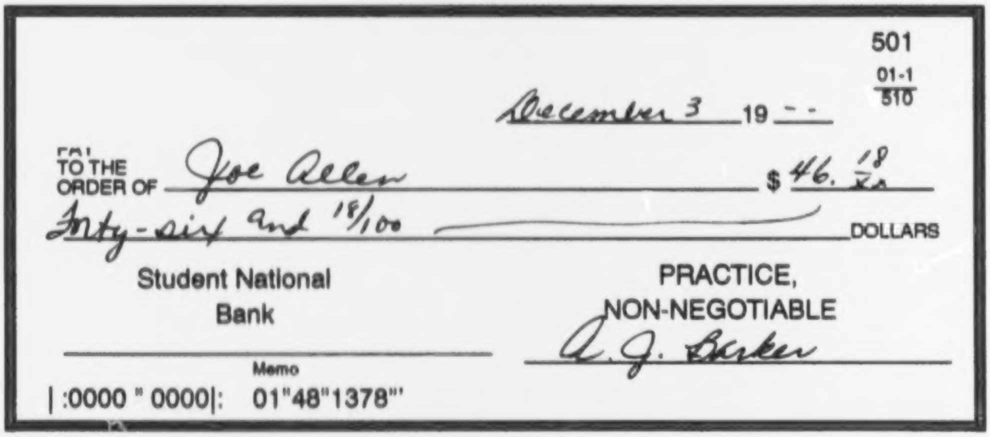
PRACTICE, NON-NEGOTIABLE

Memo

J. L. Jones

|:0000 " 0000|: 01"48"1378"'

Written Amount—The amount to be paid on the check which is expressed in words rather than numbers. The written amount will usually be found directly beneath the name of the payee, but some checks will not have a written amount. Instead, there may be a second figure amount imprinted by a check protector or no second amount at all. In the usual written amount cents will be expressed as a fraction of 100. The written amount of the check shown below is forty-six and 18/100 dollars. If the written amount and the figure amount do not agree, the written amount is considered the correct amount.


501
01-1/510

December 3 19 --

PAY TO THE ORDER OF Joe Allen $46.18/xx

Forty-six and 18/100 DOLLARS

Student National Bank

PRACTICE, NON-NEGOTIABLE

Memo

A. J. Barker

|:0000 " 0000|: 01"48"1378"'

THE TRAILING EDGE

On September 1, 1988 the Federal Reserve System's Regulation CC was put into effect. The following illustration shows the proper endorsement of checks according to the most recent legislation affecting the routing of checks.

PAYEE

- This section of the check--up to 1 1/2" from the trailing edge—is reserved for the Payee (an individual or corporation to which the check is made payable). Required information for this section includes an authorized signature of an individual; or the stamp of an organization; or the stamp used by a merchant to record information about the writer of the check.

DEPOSITORY BANK

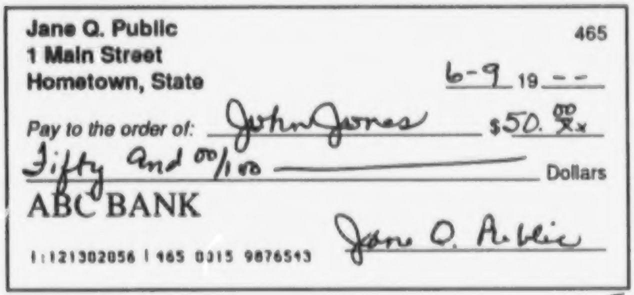
- This section of the check—starting 3" from the leading edge to 1 1/2" from the trailing edge—is reserved for the Depository Bank. Required information to be included in this area is the bank's 9-digit routing number (set off by arrows at each end and pointing towards the number), the bank's name and location, and the endorsement date. This endorsement must be in purple or black ink.

SUBSEQUENT COLLECTING BANK

- This section of the check—from the leading edge to 3" from the leading edge—is reserved for the Subsequent Collecting Bank and could also be endorsed by the Returning Bank. Required information to be included in this area is the bank's routing number and the endorsement date; both are to be printed in other than purple ink.

RETURNING BANK

- The returning bank endorsement can be placed anywhere on the check except those areas reserved for the Depository Bank and the Payee (3" from the leading edge to the trailing edge). In addition, this endorsement must be printed in other than purple ink.



Jane Q. Public
1 Main Street
Hometown, State

465

6-9 19--

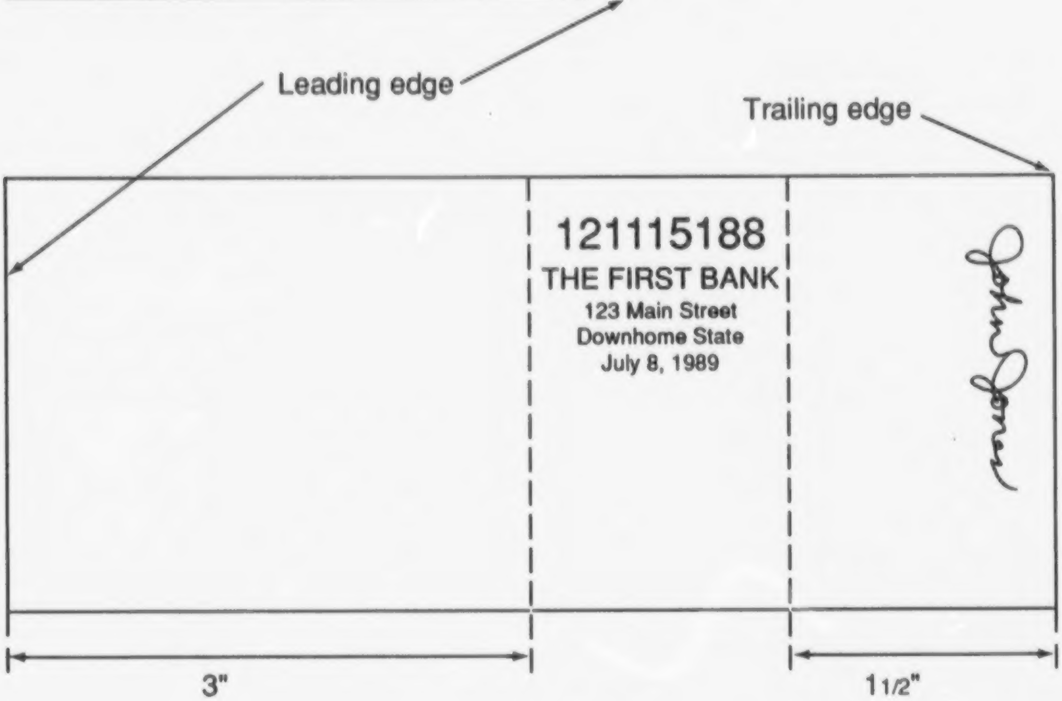
Pay to the order of: John Jones $50.00/xx

Fifty and 00/100 ——— Dollars

ABC BANK

1:121302056 | 465 0315 9876543

Jane Q. Public


Leading edge
Trailing edge
121115188
THE FIRST BANK
123 Main Street
Downhome State
July 8, 1989
John Jones
3"
1 1/2"

CLEARINGHOUSE

There are three financial institutions in your community that belong to a clearinghouse. Each day they meet at one location to exchange checks with the other institutions.

BANK A	BANK B	S & L
$5,000 on Bank B		$4,500 on Bank B
$4,000 on S & L A	$5,000 on S & L A	
	$6,000 on Bank A	$4,000 on Bank A

In the above example, Bank A has arrived at the clearinghouse with a total of $9,000 worth of checks drawn on the other two institutions. Bank B has $11,000 worth of checks and S & L has $8,500 worth. (Simply add the columns to determine this).

You now must determine the value of the checks they will receive. Adding the rows you find that:

Bank A will receive $10,000

Bank B will receive $9,500

S & L will receive $9,000

If Bank A arrives with $9,000 worth of checks but it is picking up $10,000 worth of checks, then Bank A pays the clearinghouse $1,000; By the same process Bank B will receive $1,500 and S & L A will pay $500.

ASSIGNMENT SHEET 1

NEGOTIABLE INSTRUMENTS

IV

NAME ______________________________ SCORE ______

OBJECTIVE 14

Identify familiar terms of negotiable instruments.

This crossword puzzle includes several of the terms and definitions relating to negotiable instruments from Objective 1, but it also contains terms used throughout the unit.

ACROSS:

1. This schedule is a list showing the number of days that must elapse before deposited checks can be considered converted into usable funds.
5. A check bearing a future date is a ___ dated check.
6. The acronym for Uniform Commercial Code, the body of laws pertaining to various types of financial transactions.
8. A check on which a material change has been made.
12. A check made payable to "cash" is a ________ instrument.
13. The signature of a person or business on the back of a check is an example of a __________ endorsement.
18. A transaction by which funds are moved electronically from one financial institution to another is called a ___________ transfer.
19. A legal transfer of one's right to an instrument.
20. Any items that a bank is willing to accept for immediate but provisional credit to customers' accounts.
23. A document issued by a transporter of goods for the merchandise being shipped.
25. This number identifies the Federal Reserve district in which the drawee is located, the Federal Reserve facility through which it can be collected, and the immediate or deferred availability assigned to the check under the Fed schedule.
27. A draft which is payable upon delivery or presentation.

29. A direct demand for payment by a holder of a check upon the drawer of a check is called __________ presentment.

30. A drawee's refusal to pay a check.

32. The acronym for Electronic Funds Transfer Service.

33. The actual, valid signature of the maker of a check is a ________ signature.

34 The transfer of the possession of an item from one person to another.

37. A ___________ instruments an unconditional written order or promise to pay a sum of money that is easily transferable from one party to another.

38. An endorsement that names the party to whom an instrument is being transferred.

39. An endorsement that limits the future actions of the next holder.

DOWN:

1. The signature of the individual who has the legal right to issue instructions.

2. A check drawn on another financial institution in the same city.

3. The amount of funds in a customer's account.

4. An endorsement on a check containing the words "without recourse."

7. The department in a bank that maintains and updates all records of depositors' accounts.

9. __________ work usually consists of checks drawn on out-of-town financial institutions.

10. A signed, written order by which the drawer instructs the drawee to make payment to the payee.

11. The party who issues a set of written instructions to a drawee calling for a payment of funds.

14. The party who is directed by the drawer to make a payment.

15. A check in the process of collection from another financial institution.

16. Checking accounts are the most common form of ________ deposits.

20. This type of check guarantees that the drawee has set aside sufficient funds from the depositor's account to pay the item.

21. The opposite of cash items. These items receive deferred credit.

22. The dollar total of deposited cash items that are in the process of collection. Also known as uncollected funds.

24. Acronym for Magnetic Ink Character Recognition.

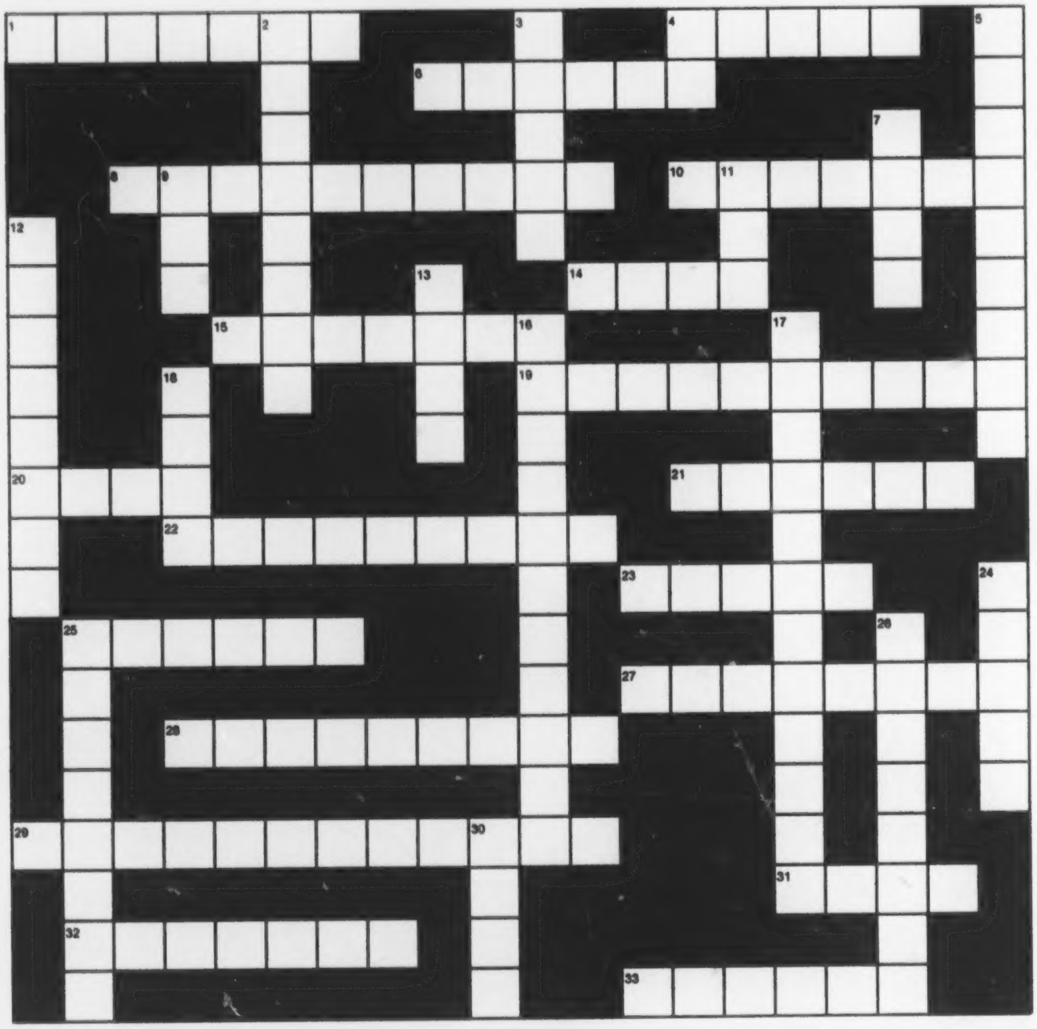
26. A check cashed or deposited at the same financial institution on which it is drawn. Also known as a "house" check.

28. A check sold by a financial institution for the convenience of individuals going abroad.

31. A party who accepts an instrument in good faith, for value, and without notice that it has been dishonored, or that there is any claim against it is said to be a __________ in due course.

35. A check more than six months old is a __________ dated check.

36. The party who executes an instrument, also referred to as the drawer.



ASSIGNMENT SHEET 2

NEGOTIABLE INSTRUMENTS

IV

NAME ______________________________ SCORE ______

OBJECTIVE 15 **Recognize a negotiable instrument.**

DIRECTIONS Assume that all other information is in order and an instrument contains the following provisions:

Is It Negotiable? Why or Why Not?

___1. A signed instrument reads as follows: "I.O.U. Mary Money the sum of $50 for value received."

___2. A signed instrument reads "Pay to the order of Mary Money the sum of $50 out of the insurance sales commissions due me."

___3. A signed instrument reads: "I promise to pay Mary Money, on order, three ounces of gold."

___4. A signed, dated instrument with the following blank: "_______ after date, I promise to pay Mary Money on order, $100."

___5. A signed, undated instrument with the due date blank reads: "Thirty days after date, I promise to pay Mary Money on order $200."

___6. A check is drawn made payable to the order of "petty cash."

___ 7. A check is drawn made payable to the order of "President of National Widgets Company."

___ 8. A check is drawn made payable to the order of "Vice President of National Widgets Company."

___ 9. An otherwise properly filled out check is postdated.

___ 10. A check is drawn for "$100 or whatever is the balance in my account."

ASSIGNMENT SHEET 3

NEGOTIABLE INSTRUMENTS

IV

NAME ______________________ SCORE ________

OBJECTIVE 16 **Identify characteristics of negotiable instruments.**

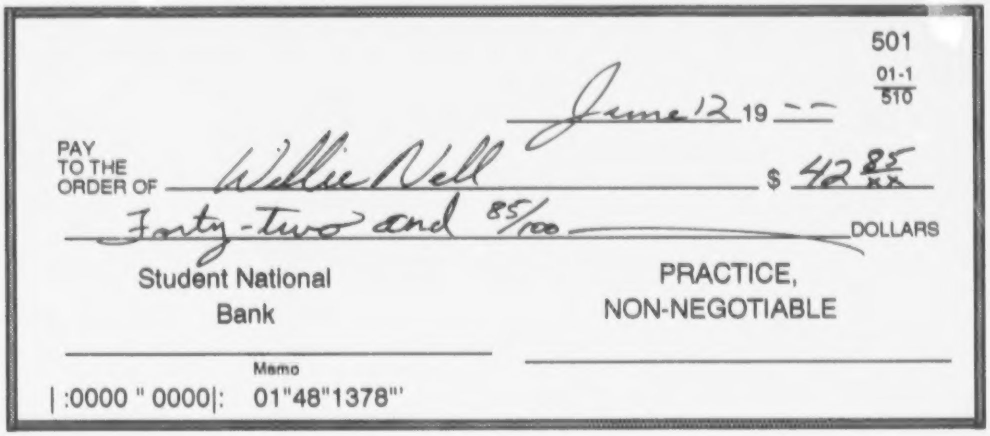
DIRECTIONS Using the checks shown below, answer the following questions:

Using Check 1:

1. Is this check negotiable?__________

   If not, why? ______________________________

   ____



501

01-1/510

June 12 19 --

PAY TO THE ORDER OF Willie Nell $ 42 85/xx

Forty-two and 85/100 DOLLARS

Student National Bank

PRACTICE, NON-NEGOTIABLE

Memo

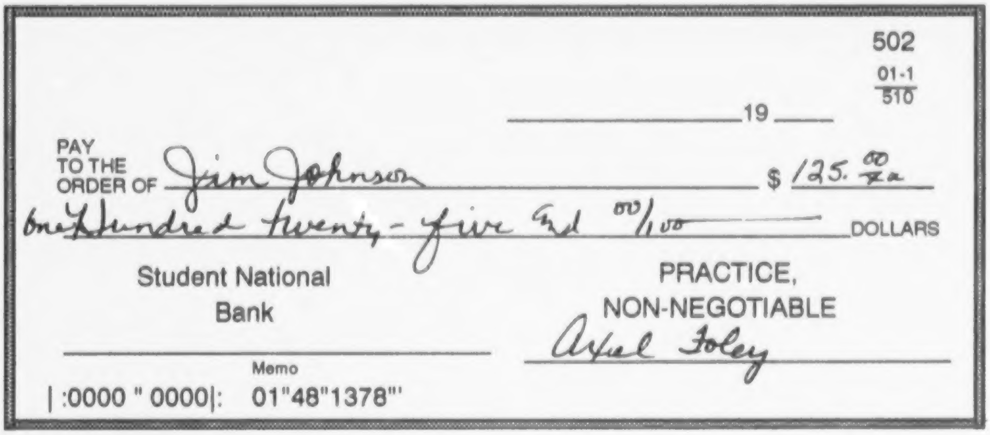
|:0000 " 0000|: 01"48"1378"'

Using Check 2:

2. Is this check negotiable?____________

If not, why? ______________________________________

____



502
01-1
510

__________19____

PAY TO THE ORDER OF Jim Johnson $ 125.00/xx

One Hundred twenty-five and 00/100 DOLLARS

Student National Bank

PRACTICE, NON-NEGOTIABLE

Memo

Axel Foley

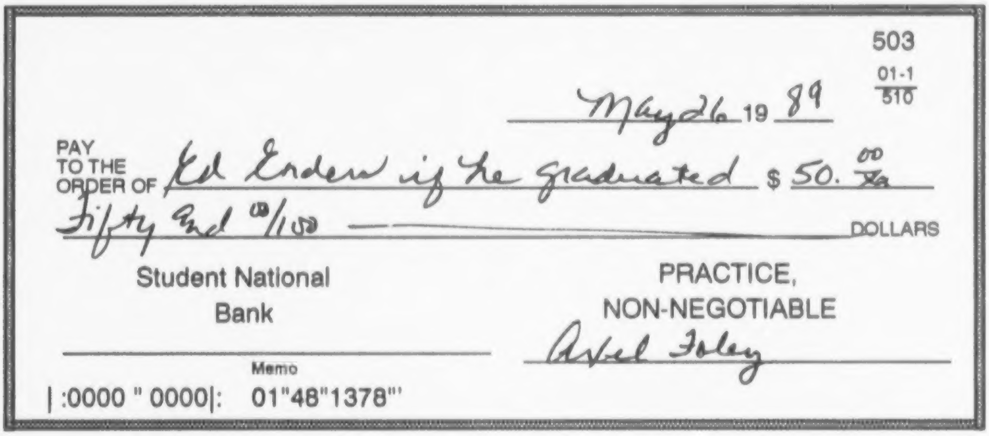
|:0000 " 0000|: 01"48"1378"'

Using Check 3:

3. Is this check negotiable?____________

If not, why? ______________________________________

____



503
01-1
510

May 26 19 89

PAY TO THE ORDER OF Ed Enden if he graduated $ 50.00/xx

Fifty and 00/100 DOLLARS

Student National Bank

PRACTICE, NON-NEGOTIABLE

Memo

Axel Foley

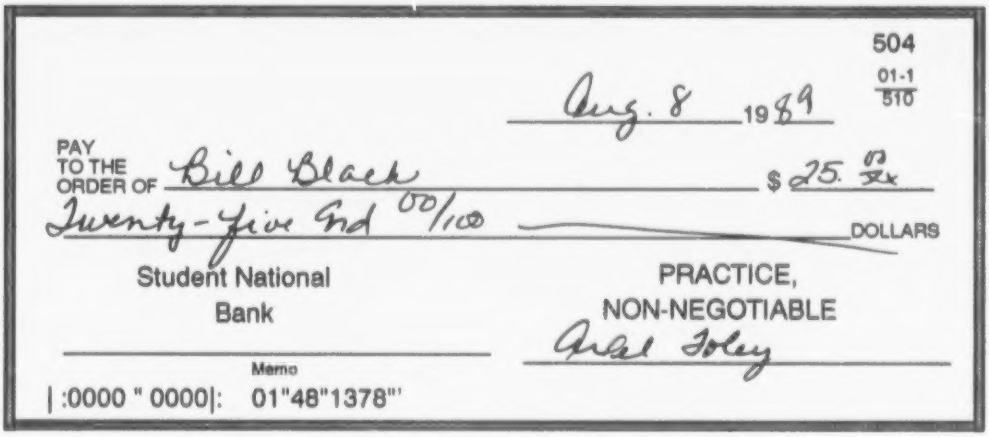
|:0000 " 0000|: 01"48"1378"'

Using Check 4:

4. Is this check negotiable?____________

If not, why? ____

____



504

01-1/510

Aug. 8 1989

PAY TO THE ORDER OF Bill Black $ 25.00/xx

Twenty-five and 00/100 DOLLARS

Student National Bank

PRACTICE, NON-NEGOTIABLE

Ardel Foley

Memo

|:0000 " 0000|: 01"48"1378"'

269

ASSIGNMENT SHEET 4

NEGOTIABLE INSTRUMENTS

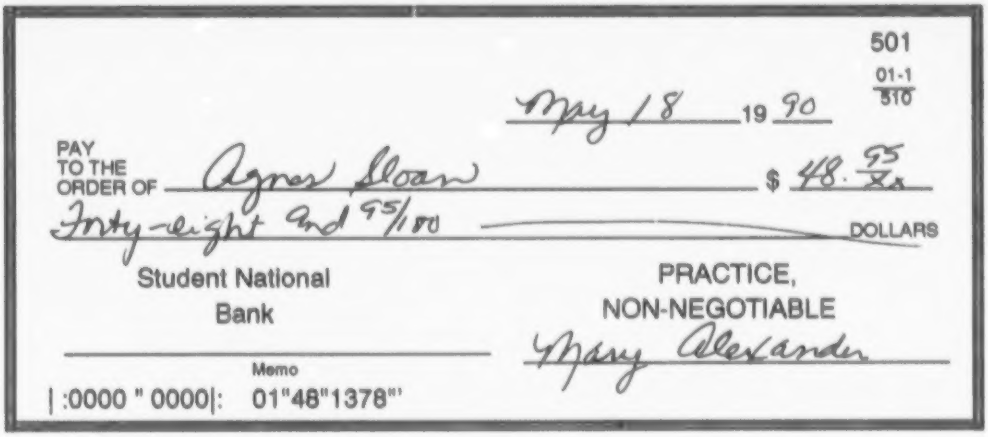
IV

NAME ______________________________ SCORE ________

OBJECTIVE 17

Identify parts of a check.

Using the check shown below, answer the following questions:



501
01-1
510

May 18 19 90

PAY TO THE ORDER OF Agnes Sloan $ 48.95/xx

Forty-eight and 95/100 DOLLARS

Student National Bank

PRACTICE, NON-NEGOTIABLE

Memo

Mary Alexander

|:0000 " 0000|: 01"48"1378"'

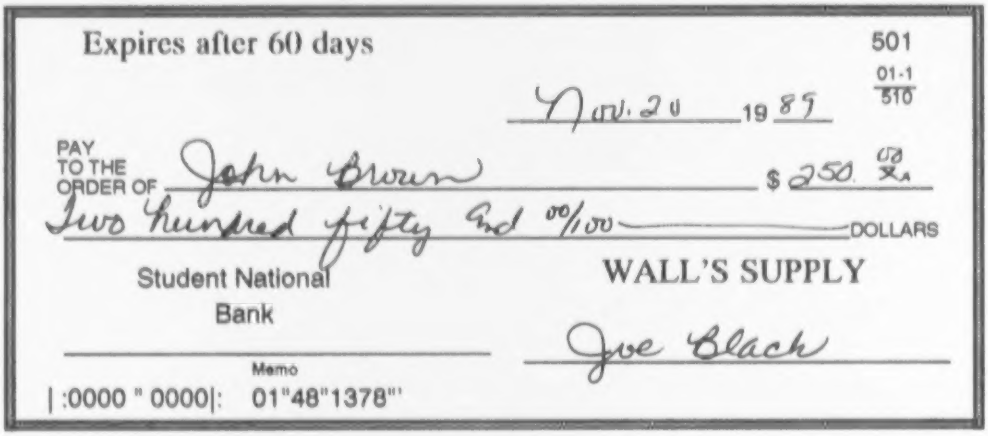
1. Who is the payee? ______________________________
2. On what date was this check written? ______________________________
3. Who is the drawee? ______________________________
4. For what amount was the check written? ______________________________
5. Who is the drawer? ______________________________

ASSIGNMENT SHEET 5 | **NEGOTIABLE INSTRUMENTS** | **IV**

NAME ______________________ SCORE ______

OBJECTIVE 18 **Identify parties of a check.**

Using the check shown below, answer the following questions:



Expires after 60 days

501

01-1
510

Nov. 20 19 89

PAY TO THE ORDER OF John Brown $ 250.00/xx

Two hundred fifty and 00/100 DOLLARS

Student National Bank

WALL'S SUPPLY

Joe Black

Memo

|:0000 " 0000|: 01"48"1378"'

1. Who is the payee? ______________________
2. Who is the drawer? ______________________
3. Who is the drawee? ______________________
4. Could this check be cashed on February 3, 1990? ________

271

ASSIGNMENT SHEET 6

NEGOTIABLE INSTRUMENTS

IV

NAME ______________________________ SCORE ______

OBJECTIVE 19 **Identify a legal check.**

DIRECTIONS The following situations relate to the legal requirements of a check. Fill in the blanks with the correct answer or circle the letter that correctly answers the question.

1. The drawer is legally responsible (liable) to the ____________.

2. Given the following situation, answer the question below:

   John Jayes writes a check drawn on his account at Student National Bank to Carl Cooper. The check was written for $50 and John's account has only a $20 balance. The teller refuses to cash the check when Carl presents it. Carl is understandably upset and decides to take legal action.

   Against whom would Carl direct this action:

   a. John Jayes

   b. Student National Bank

   c. The teller

   Now let's suppose that the bank made a clerical error that caused John's account to show only a $20 balance when he actually has $120 in his account.

   Given this information, to whom would Carl direct his legal action?

   a. John Jayes

   b. Student National Bank

   c. The teller

3. A thief has stolen your checkbook, has forged your signature on a check, and presents the check to your bank for payment. The teller cashes the check and the thief disappears.

   Who is legally responsible for this loss?

   ____

4. You write a check to your friend, Max Williams, for $60. He alters the amount so that it reads $66. He takes it to the bank and cashes it.

   Who is legally responsible for this loss?

   ____

5. Is a drawee legally responsible (liable) to anyone for refusing to cash a check with an altered amount?

   ____

6. When money is paid out of an account to the wrong payee and the money cannot be recovered, who must generally bear the loss?

   ____

ASSIGNMENT SHEET 7

NEGOTIABLE INSTRUMENTS

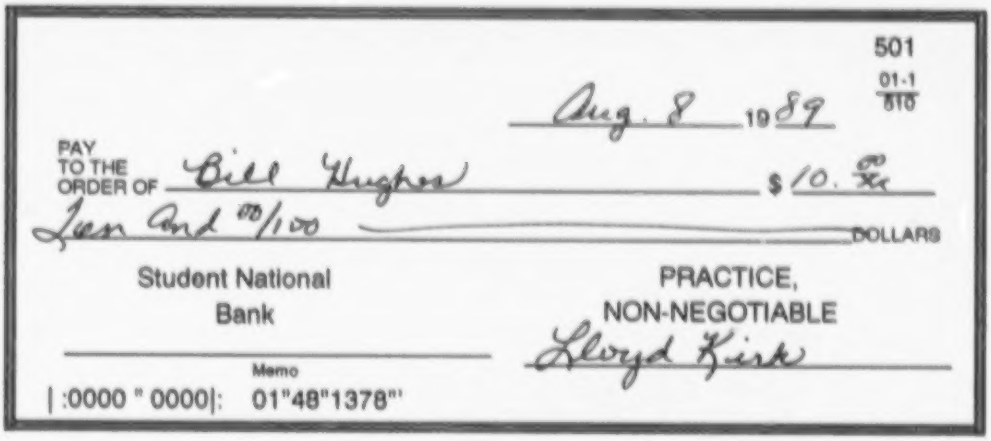
IV

NAME ______________________ SCORE ______

OBJECTIVE 20 **Demonstrate proper endorsements.**

DIRECTIONS Write an example of each type of endorsement requested.

1. Write below an example of a RESTRICTIVE ENDORSEMENT for the check below.



501

01-1/610

Aug. 8 1989

PAY TO THE ORDER OF Bill Hughes $10.00/xx

Ten And 00/100 DOLLARS

Student National Bank

PRACTICE, NON-NEGOTIABLE

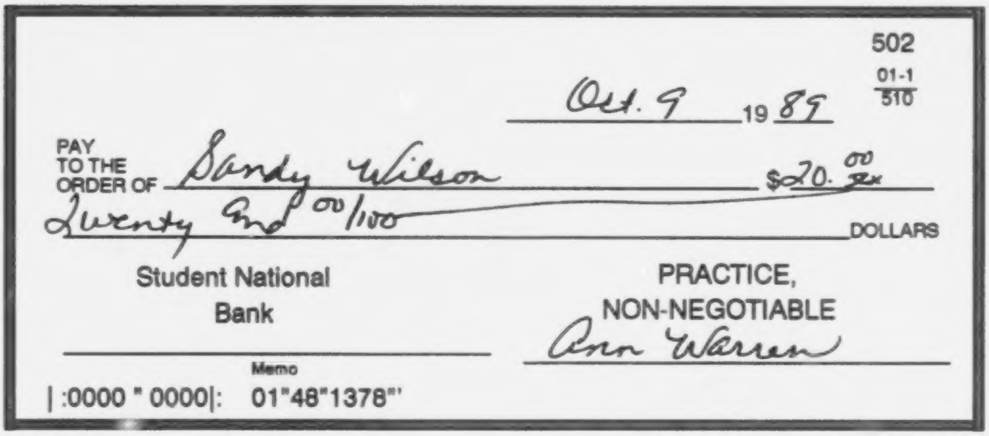
Lloyd Kirk

Memo

|:0000 " 0000|: 01"48"1378"'

274

2. Write below an example of a SPECIAL ENDORSEMENT for the check below.



502

Oct. 9 19 89

01-1
510

PAY TO THE ORDER OF Sandy Wilson $20.00/xx

Twenty and 00/100 DOLLARS

Student National Bank

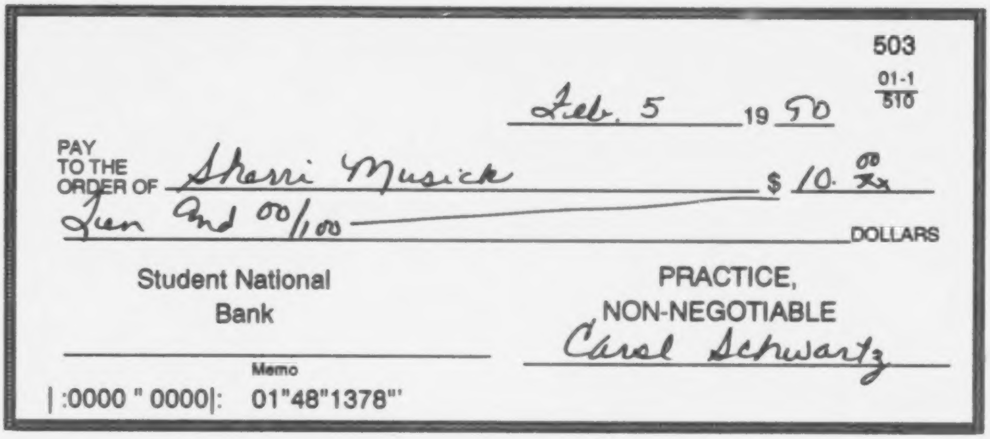
PRACTICE, NON-NEGOTIABLE

Memo

Ann Warren

|:0000 " 0000|: 01"48"1378"'

3. Write below an example of a BLANK ENDORSEMENT for the check below.



503

Feb. 5 19 90 01-1/510

PAY TO THE ORDER OF Sherri Musick $ 10. 00/xx

Ten and 00/100 DOLLARS

Student National Bank

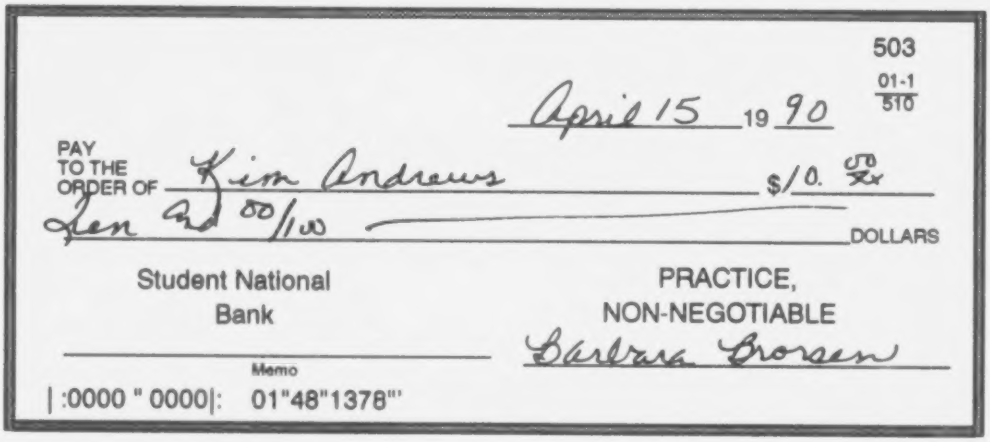
PRACTICE, NON-NEGOTIABLE

Carol Schwartz

Memo

|:0000 " 0000|: 01"48"1378"'

4. Write below an example of a QUAILIFIED ENDORSEMENT for the check below.



503

April 15 19 90 01-1/510

PAY TO THE ORDER OF Kim Andrews $10.00/xx

Ten and 00/100 DOLLARS

Student National Bank

PRACTICE, NON-NEGOTIABLE

Memo

Barbara Brorsen

|:0000 " 0000|: 01"48"1378"'

5. Write below an example of a CONDITINOAL ENDORSEMENT for the check below.

503

$\frac{01\text{-}1}{510}$

May 5 19 89

PAY TO THE ORDER OF Steve Boothe $ 15.$^{00}_{xx}$

Fifteen and 00/100 DOLLARS

Student National Bank

PRACTICE, NON-NEGOTIABLE

Bruce Kime

Memo

|:0000 " 0000|: 01"48"1378"'

ASSIGNMENT SHEET 8

NEGOTIABLE INSTRUMENTS

IV

NAME ______________________________ SCORE ________

OBJECTIVE 21 **Understand how a clearinghouse works.**

DIRECTIONS Determine the amount each financial institution will pay to or receive from the clearinghouse given the following information.

Since most local checks are cleared through a clearinghouse, it is important for you to understand how a clearinghouse works. Understanding this process will help you better evaluate your financial institution's relationship with other institutions in your community.

S & L A	BANK A	S & L B
$2,800 on Bank A		$5,000 on Bank A
$4,200 on S & L B	$3,500 on S & L B	
	$4,300 on S & L A	$3,700 on S & L A

Savings and Loan A =________________

Bank A =________________________

Savings and Loan B =________________

ASSIGNMENT SHEET 9

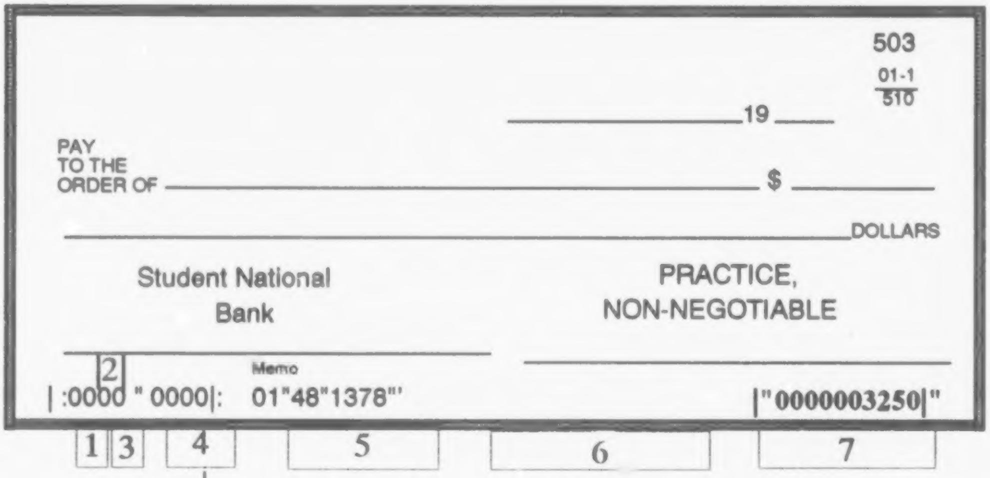
NEGOTIABLE INSTRUMENTS

IV

NAME ______________________ SCORE ________

OBJECTIVE 22 **Recognize information of MICR encoding.**

DIRECTIONS Label the illustration below with information about each part of the MICR encoding.



503

01-1
510

________ 19 ____

PAY TO THE ORDER OF ______________ $ ________

______________ DOLLARS

Student National Bank

PRACTICE, NON-NEGOTIABLE

Memo

|:0000 " 0000|: 01"48"1378"' |"0000003250|"

1. ______________________________

2. ______________________________

3. ______________________________

4. ______________________________

5. ______________________________

6. ______________________________

7. ______________________________

ASSIGNMENT SHEET 10

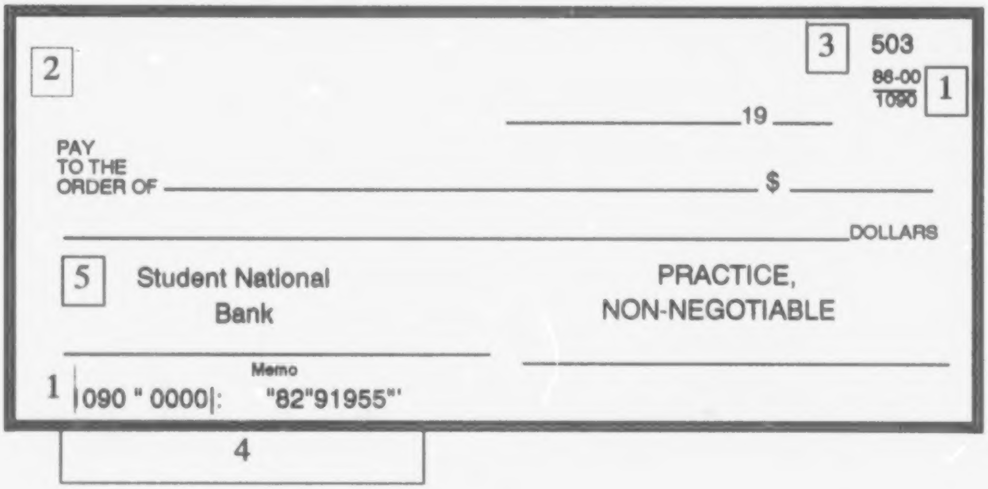
NEGOTIABLE INSTRUMENTS

IV

NAME ______________________________ SCORE ________

OBJECTIVE 23 **Label characteristics of a safe check.**

DIRECTIONS Using the illustration below, label the characteristics of a safe check.



503

86-00
1090

_______________ 19 ____

PAY
TO THE
ORDER OF ______________________________ $ __________

______________________________ DOLLARS

Student National
Bank

PRACTICE,
NON-NEGOTIABLE

Memo

|090 " 0000|: "82"91955"'

1. ______________________________

2. ______________________________

3. ______________________________

4. ______________________________

5. ______________________________

6. ______________________________

ASSIGNMENT SHEET 1

1 B	A	L	A	N	2 C	E				3 M			4 B	L	A	N	K		5 Q
					A			6 D	R	A	W	E	E						U
					S					K							7 M		A
		8 A	9 U	T	H	O	R	I	Z	E	D		10 S	11 P	E	C	I	A	L
12 D			C		I					R				B			C		I
E			C		T			13 W			14 S	T	A	L			R		F
L				15 G	E	N	U	I	N	16 E					17 B				I
I			18 P		M			R		19 N	E	G	O	T	I	A	B	L	E
V			O					E		D					L				D
20 E	F	T	S							O			21 H	O	L	D	E	R	
R			22 T	R	A	V	E	L	E	R	S				O				
Y										S		23 D	R	A	F	T			24 S
	25 D	E	M	A	N	D				E					L		26 D		I
	E									M		27 C	L	E	A	R	I	N	G
	L		28 C	E	R	T	I	F	I	E	D				D		S		H
	I									N					I		H		T
29 A	V	A	I	L	A	B	I	L	30 I	T	Y				N		O		
	E								N						31 G	O	N	E	
	32 R	O	U	T	I	N	G		T								O		
	Y								O			33 B	R	A	W	E	R		

282

ASSIGNMENT SHEET 2

1. No; it lacks a promise or order to pay.
2. No; it places a condition on the existence of funds.
3. No; it is not payable in the sum certain of money.
4. Yes; when no date appears, it is payable on demand.
5. No; it is incomplete. It may be completed by dating it and then it would be a negotiable instrument.
6. Yes; it is considered payable to bearer.
7. Yes; it is payable to and can be endorsed by the person holding that office.
8. No; many companies have more than one vice president, therefore, the payee is not specifically named.
9. Yes; it is payable on or after the designated date.
10. No; it is not a sum certain.

ASSIGNMENT SHEET 3

1. No, it lacks a signature.
2. No, it is not dated and it has been altered.
3. No, it contains a condition on the "pay to the order of" line.
4. Yes

ASSIGNMENT SHEET 4

1. Agnes Sloan
2. May 18, 1990
3. Student National Bank
4. $48.95
5. Mary Alexander

283

ASSIGNMENT SHEET 5

1. John Brown
2. Wall's Supply
3. Student National Bank
4. No— it is labeled "expires after 60 days"

ASSIGNMENT SHEET 6

1. Payee
2. a

   b
3. The financial institution that cashed the check.
4. The financial institution that cashed the check.
5. No
6. The financial institution

ASSIGNMENT SHEET 7

1. For Deposit Only Bill Hughes or Pay to Jack Lyle only Bill Hughes
2. Pay to the order of Mike Milligan Sandy Wilson
3. Sherri Musick
4. Pay to Wayne Williams Without Recourse Kim Andrews
5. Pay to J.P. Davis if the lawn mower works Steve Booth

ASSIGNMENT SHEET 8

Owes $1,000
Breaks even
Receives $1,000

ASSIGNMENT SHEET 9

1. Federal Reserve District Number
2. Federal Reserve Office or branch that serves the drawee institution
3. Bank's availability schedule for receiving credit by the Federal
4. The institution's identifying number or transit number

5. Customer's account number
6. Field for customer's check number — a field to the bank for identifying purposes
7. Amount of the check

ASSIGNMENT SHEET 10

1. Routing numbers must match
2. Perforated edge
3. High check number
4. Magnetic ink is dull
5. Routing number and Federal Reserve District number for address match
6. Handwriting on the check is the same

Name ________________________________ Score _________

OBJECTIVE 1

Match terms and definitions associated with negotiable instruments to their correct definitions. Place the correct letters in the blanks.

___1. Signature of a person or business on an instrument making it payable to the holder in due course and negotiable without restrictions

___2. Party who issues a set of written instructions to a drawee, calling for a payment of funds

___3. A demand draft drawn on a financial institution

___4. An identifying number assigned to each financial institution by the ABA National Numerical System

___5. Party who is in possession of a check, security, or title document

___6. An item bearing a future date

___7. The party who executes an instrument, such as a check

___8. A check-like instrument issued by the customer of a credit union, drawn against the deposit balance at that institution

___9. An endorsement on a check containing the words "without recourse"

___10. An item on which the dollar amount has been fraudulently increased

a. Endorsement

b. ABA transit number

c. Check

d. Restrictive endorsement

e. Draft

f. Genuine signature

g. Bearer

h. Altered check

i. Availability schedule

j. Drawer

k. Maker

l. Signature

m. Traveler's check

n. Raised check

o. Special endorsement

p. Demand draft

q. Certified check

___ 11. Negotiable instruments sold by a financial institution in various denominations for the convenience of individuals going abroad

___ 12. Party who is directed by the drawer to make a payment

___ 13. The legal transfer of one's rights to an instrument

___ 14. The lower portion of a fraction appearing in the upper right corner of checks

___ 15. An endorsement that limits the future actions of the next holder

___ 16. A signed, written order by which one party instructs another to make a payment to a third

___ 17. A depositor's check across the face of which an authorized party in the drawee financial institution has stamped "certified" and has added a signature

___ 18. An instrument bearing a date of six months or more prior to its presentation

___ 19. A written order to pay upon delivery

___ 20. An endorsement that names the party to whom an instrument is being transferred

___ 21. An unconditional written order or promise to pay a sum of money that is transferrable from one party to another

___ 22. A written order to pay at sight

___ 23. A sign or mark made by the drawer or maker of a negotiable instrument

___ 24. Any item that a financial institution chooses to classify as not payable locally

r. Authorized signature

s. Transit check

t. Share draft

u. Drawee

v. Qualified endorsement

w. Negotiable instrument

x. Postdated check

y. Check routing symbol

z. Bank draft

aa. Sight draft

bb. Staledated check

cc. Blank endorsement

___25. The actual, valid signature of a maker of a check

___26. The signature of the individual(s) who has the legal right to issue instructions

___27. A check drawn by a financial institution on its funds deposited with another financial institution

___28. A list showing the number of days that must elapse before deposited checks can be considered converted into usable funds

___29. A check on which a material change, such as in the dollar amount, has been made

OBJECTIVE 2

Match terms and definitions related to the clearing and collection of negotiable instruments. Write the correct letter in the blanks.

___1. A computerized facility that performs the clearing of paperless entries between member depository institutions

___2. A check, also known as a cashier's check, drawn by a financial institution on itself

___3. Any item that a bank is willing to accept for immediate but provisional credit to customers' accounts

___4. The amount of funds in a customers' account

___5. The common acronym for electronic funds transfer system

___6. A service by which a financial institution moves funds from one type of account to another for its customer on a preauthorized basis

a. Bookkeeping department

b. Collection item

c. EFTS

d. On-us check

e. Float

f. Automated clearinghouse

g. Clearing item

h. Delivery

i. Local check

j. Uniform Commercial Code

k. MICR

___ 7. The unit in a financial institution that maintains and updates all records of depositors' accounts

___ 8. The dollar total of deposited cash items that are in process of collection from drawee financial institutions

___ 9. A check cashed or deposited at the same financial institution on which it is drawn

___ 10. Special facilities established by the Federal Reserve in its 12 districts to expedite the handling, presenting, and collecting of transit checks

___ 11. A financial institution that forwards an item of another for payment

___ 12. Checks drawn on other financial institutions within the same city

___ 13. The transfer of the possession of an item from one person to another

___ 14. A term that refers to the processing, tracking, and accounting for the deposits of a financial institution

___ 15. A drawee's refusal to accept or pay a check when presented

___ 16. The encoding of checks with magnetic ink

___ 17. Any instrument that a financial institution declines to accept on a cash basis

___ 18. A transaction by which funds are moved electronically from one financial institution to another upon a customer's instructions

l. Wire transfer

m. Demand deposits

n. Balance

o. Presenting bank

p. Automatic Transfer Service (ATS)

q. Clearing

r. Regional check processing center

t. Bank check

u. Direct Presentment

v. Dishonor

w. Holder in due course

x. Collected balance

y. Demand deposit accounting

z. Clearinghouse association

aa. Noncash item

___19. A party who accepts an instrument in good faith

___20. A direct demand for acceptance or payment made by the holder of a negotiable instrument

___21. The process by which checks are moved from the point of origin to the financial institution that maintains the customer's account record

___22. Cash plus the checks deposited in the financial institution that have been presented to the drawee financial institutions for payment and for which payment has actually been received

___23. Funds that may be withdrawn at any time, without prior notice to the financial institution

___24. The body of laws pertaining to various types of financial institutions

___25. A check in the process of collection from another financial institution

___26. A group of financial institutions that voluntarily establish a clearinghouse for the exchange and settlement of checks

___27. The opposite of cash item, also called a noncash item

OBJECTIVE 3 **Identify requirements for a negotiable instrument:**

____

____

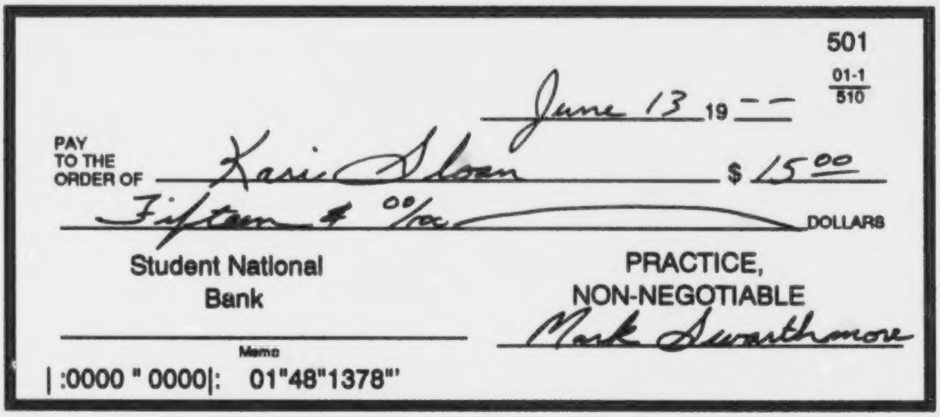
____

____

____

OBJECTIVE 4 **Identify how a check meets the requirements of a negotiable instrument.** Name the six requirements.

OBJECTIVE 5 **Identify the three main parties to a check.**



501

01-1/510

June 13 19--

PAY TO THE ORDER OF Kari Sloan $ 15 00

Fifteen & 00/100 DOLLARS

Student National Bank

PRACTICE, NON-NEGOTIABLE

Memo

Mark Swarthmore

|:0000 " 0000|: 01"48"1378"

In the above check who is the:

a. Drawer

b. Drawee

c. Payee

OBJECTIVE 6

Identify legal requirements concerning checks. Given the following situations, answer the questions below:

Lucy Linder writes a check drawn on her account at the Student Savings and Loan Association to Thelma Biggs. The check was written for $35.20 and Lucy's account has a balance of $14.58. The teller refuses to cash the check, explaining that there is not enough money in the account to cover the check. Thelma is immediately furious and starts calling Lucy names. Thelma decides to take legal action.

a. Against whom does Thelma decide to take action and why?

____

____

Now let's suppose that the bank makes a bookkeeping error that causes Lucy's account to show a balance of $14.58 when she actually has $44.58 in her account.

b. Against whom would Thelma direct her action given this information and why?

____

____

Now let's change the situation again. This time there are sufficient funds in the account to cover the check, but Thelma loses the check and the finder takes it to the Student Savings and Loan Association to cash it. The teller cashes the check for $35.20 and unknowingly gives the money to the thief and forger. The money cannot be recovered.

c. Who must generally bear the loss in this situation and why?

____

____

OBJECTIVE 7

Identify the five main types of endorsements.

Given the check on the following page, write an example of each of the five types of endorsements.

501
01-1
510

June 30 19 - -

PAY
TO THE
ORDER OF Gary Lawrence $ 205.00

Two hundred five and 00/100 DOLLARS

Student National
Bank

PRACTICE,
NON-NEGOTIABLE

Memo

Mary Merchant

|:0000 " 0000|: 01"48"1378"'

a. Blank

b. Restrictive

c. Qualified

d. Conditional

e. Special

OBJECTIVE 8

Explain what happens to an on-us check, a local check, and a transit check after it has been deposited at a financial institution.

Given the situations below, answer the following questions.

a. Agnes Laker has written a check to Billie Joyce. They both bank at the Student National Bank . What happens to the check after Billie cashes it at the teller window?

b. Agnes Laker writes a check at the Yummies Fer Yer Tummy grocery store to buy her groceries. Agnes banks at the Student National Bank and the grocery store banks at the It's Safe Bank in the same town. When Yummies fer yer Tummy deposits Agnes's check at their bank what happens to it until it's cleared?

c. Agnes Laker goes to the big city to buy new clothes. She writes a check at the Doley's Department Stores for a new skirt and blouse. Agnes banks at the Student National Bank in Littletown and Doley's banks at the Big City National Bank in Big City. When Doley's deposits her check what happens to the check until it clears? Include the possible options for clearing the check.

OBJECTIVE 9

Identify characteristics of a cash item and noncash item.
Circle the letter of the CASH ITEM:

a. Creates float

b. Has documents attached

c. Customer receives delayed credit for account

d. Inexpensive to process

e. Not payable in U.S. funds

f. Not payable on demand

g. Customer requires special handling

h. Payable in U.S. funds

i. Customer given provisional credit

j. Doesn't create float

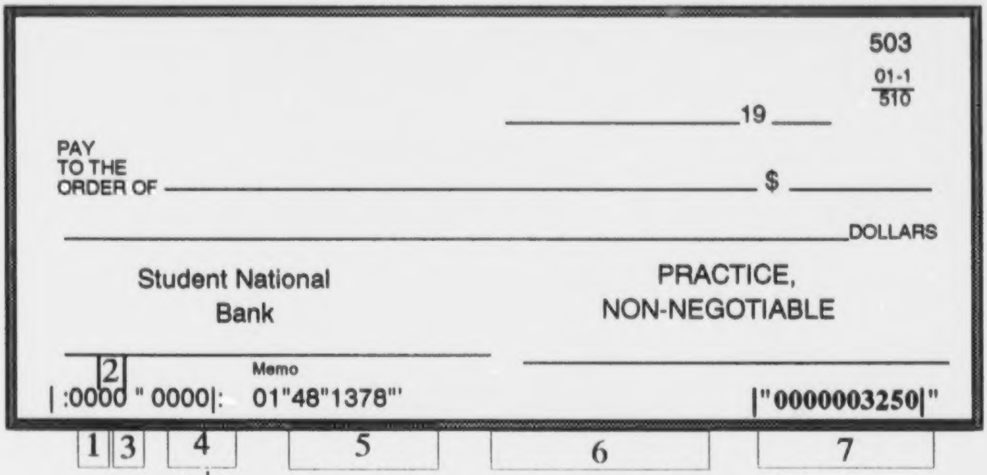
k. May be payable on demand

l. Expensive to process

m. No documents attached

n. Cannot require special handling

OBJECTIVE 10 **Identify the ABA bank I.D. number and other identifying codes.**



503

01-1
510

______________19 ____

PAY
TO THE
ORDER OF ____________________________ $ ________

____________________________DOLLARS

Student National
Bank

PRACTICE,
NON-NEGOTIABLE

Memo

| :0000 " 0000|: 01"48"1378"' |"0000003250|"

1. ______________________________

2. ______________________________

3. ______________________________

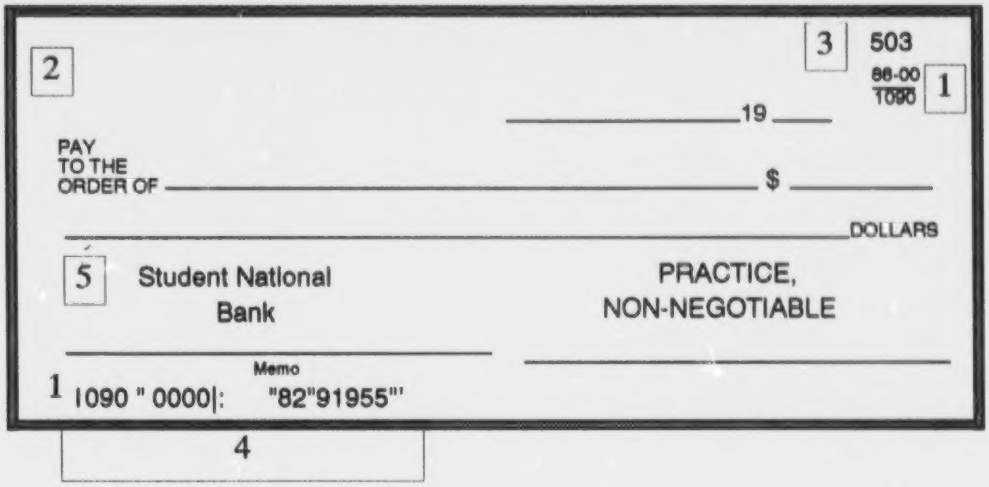
4. ______________________________

5. ______________________________

6. ______________________________

7. ______________________________

OBJECTIVE 11 **Identify characteristics of a safe check.** Using the illustration below, label the characteristics of a safe check.



503

86-00
1090

________19____

PAY
TO THE
ORDER OF ________________________ $ ________

________________________________DOLLARS

Student National
Bank

PRACTICE,
NON-NEGOTIABLE

Memo

I090 " 0000|: "82"91955"'

1. ______________________________
2. ______________________________
3. ______________________________
4. ______________________________
5. ______________________________
6. ______________________________

OBJECTIVE 12

Identify other types of negotiable instruments. Write the correct letter in the blanks. Letters may be used more than once.

___ 1. Good to take when traveling

___ 2. Requires 2 signatures of customer every time

___ 3. Good way to send money overseas

___ 4. Used to complete business transactions

___ 5. Drawn by the bank on itself and signed by the cashier

___ 6. Fee charged for issuing

___ 7. Teller completes instrument (types information on face)

___ 8. Used as a savings plan

___ 9. Customer fills in instrument

___ 10. Earns interest

(a) Bank Draft

(b) Traveler's Check

(c) Cashier's check

(d) Money Order

(e) Savings bond

OBJECTIVE 13

Identify benefits of the Electronic Funds Transfer Service (EFTS).

Given the following situations, what type of Electronic Funds Transfer Service could the customer use:

a. Granny Young receives Social Security but is concerned that her check might get stolen from her mailbox.

____

____

____

b. ZYX Corporation has offices all over the U.S. They need to transfer a large amount of money from their MidWest Bank to their East Coast Bank to cover increased payroll expenses immediately.

____

____

____

c. Mary Alice forgot her check book but does have her bank card. She really must make some purchases today.

____

____

____

d. Mary Alice used her bank card a lot on her shopping trip and now she's concerned about her bank balance.

____

____

____

E. Jacob is donating $10 each month to the United Way.

____

____

____

NOTICE The following assignment sheets are not a part of the written test. If these activities have not been completed, check with your instructor.

OBJECTIVE 14 **Identify familiar terms of negotiable instruments.** SCORE ____

OBJECTIVE 15 **Recognize a negotiable instrument.** SCORE ____

OBJECTIVE 16	**Identify characteristics of negotiable instruments.**	SCORE_____
OBJECTIVE 17	**Identify parts of a check.**	SCORE_____
OBJECTIVE 18	**Identify parties of a check.**	SCORE_____
OBJECTIVE 19	**Recognize a legal check.**	SCORE_____
OBJECTIVE 20	**Demonstrate proper endorsements.**	SCORE_____
OBJECTIVE 21	**Understand how a clearinghouse works.**	SCORE_____
OBJECTIVE 22	**Recognize information of MICR encoding.**	SCORE_____
OBJECTIVE 23	**Label characteristics of a safe check.**	SCORE_____

WRITTEN TEST ANSWERS

NEGOTIABLE INSTRUMENTS

IV

OBJECTIVE 1

1. cc
2. j
3. c
4. b
5. g
6. x
7. k
8. t
9. v
10. n
11. m
12. u
13. a
14. y
15. d
16. e
17. q
18. bb
19. aa
20. o
21. w
22. p
23. l
24. s
25. f
26. r
27. z
28. i
29. h

OBJECTIVE 2

1. f
2. t
3. s
4. n
5. c
6. p
7. a
15. v
16. k
17. aa
18. l
19. w
20. u
21. q

8. e
9. d
10. r
11. o
12. i
13. h
14. y
22. x
23. m
24. j
25. g
26. z
27. b

OBJECTIVE 3

1. Must be written
2. Unconditional promise or order to pay
3. Specific amount of money (sum certain)
4. Signed by maker
5. Payable on demand
6. Payable to bearer or to order

OBJECTIVE 4

1. A written order
2. Payable to Mary Washington
3. Contains unconditional instructions
4. To Student National Bank
5. On or after Sept. 20, 1988
6. Specifically for $10.00
7. Signed by maker
8. Out of maker's checking account

OBJECTIVE 5

a. Mark Swarthmore
b. Student National Bank
c. Kari Sloan

301

OBJECTIVE 6

a. Lucy Linder because the drawer is legally responsible to the payee

b. Lucy Linder, because the drawer is legally responsible to the payee if the bank doesn't pay the check. In this case Lucy would then take action against the bank.

c. The financial institution, Student Savings and Loan Association

OBJECTIVE 7

a. Blank: Gary Lawrence

b. Restrictive: For Deposit Only Gary Lawrence or Pay to *Larry Lawry only Gary Lawrence

c. Qualified: Without Recourse Gary Lawrence

d. Conditional: Pay to Larry Lawry if my microwave oven works Gary Lawrence

e. Special: Pay to the order of Larry Lawry Gary Lawrence

* Student may choose the third person's name for endorsement.

OBJECTIVE 8

a. This is an on-us check. It is sent to the proof department for proving and sorting. Then it goes to the bookkeeping department to be posted to Agnes's account. The amount is subtracted from Agnes's account at this time

b. This is a local check. It is sent to the proof department at It's Safe Bank for proving and sorting. At this time it is sorted to the Student National Bank or a local clearinghouse. If sorted to the Student National Bank it will be exchanged and settled by direct presentation. If sorted to the clearinghouse, it will be cleared at the clearinghouse. When the check reaches the Student National Bank it is sent to the proof department where it is sorted with the other on-us checks and sent to bookkeeping for posting.

c. This is a transit check. It is sent to the proof department of Big City National Bank for proving and sorting. It is sorted to the transit category. Transit checks can be cleared three different ways: direct presentment through a correspondent bank or through the Federal Reserve. When the check reaches Student National Bank it is sent to proof and sorted with other on-us checks. Then it's sent to bookkeeping for posting to Agnes's account.

OBJECTIVE 9

A, D, H, I, K, M, N

OBJECTIVE 10

1. Federal Reserve District Number
2. Federal Reserve Office or branch that serves the drawee institution
3. Bank's availability schedule for receiving credit by the Fed
4. The institution's identifying number or transit number
5. Customer's account number
6. Field for customer's check number—a field to the bank for identifying purposes
7. Amount of the check

OBJECTIVE 11

1. Routing numbers must match
2. Perforated edge
3. High check number
4. Magnetic ink id dull
5. Routing number and Federal Reserve District number for address match
6. Handwriting on the check is the same

OBJECTIVE 12

Bank Draft—items C,D,F,G,

Traveler's check—items A,B,F,I

Cashier's checks—items D,E,F,G

Money order—items D,F,I

Savings Bond—items G,H,J

OBJECTIVE 13

a. Direct deposit

b. Wire transfer

c. P.O.S. terminals or ATM to withdraw cash

d. Use ATM

e. Automatic transfer

OBJECTIVE 14	Refer to answers to Assignment Sheet 1.
OBJECTIVE 15	Refer to answers to Assignment Sheet 2.
OBJECTIVE 16	Refer to answers to Assignment Sheet 3.
OBJECTIVE 17	Refer to answers to Assignment Sheet 4.
OBJECTIVE 18	Refer to answers to Assignment Sheet 5.
OBJECTIVE 19	Refer to answers to Assignment Sheet 6.
OBJECTIVE 20	Refer to answers to Assignment Sheet 7.
OBJECTIVE 21	Refer to answers to Assignment Sheet 8.
OBJECTIVE 22	Refer to answers to Assignment Sheet 9.
OBJECTIVE 23	Refer to answers to Assignment Sheet 10.

OBJECTIVE SHEET

COMMUNICATIONS

V

INTRODUCTION

A financial institution receptionist's primary job is to greet all the customers and other visitors to the bank. The receptionist must project a good image—be well groomed and tactfully dressed, show an even disposition, speak with a pleasant voice, and be free from unpleasant mannerisms. The receptionist will be expected to relay information skillfully in both oral and written forms. Many of the communication activities a receptionist will perform are those already in use—using the telephone, writing letters, etc.

UNIT OBJECTIVE

After completing this unit, the student will be able to demonstrate the skills and knowledge required of a financial institution's receptionist and perform front-line communications for all financial personnel. The student will demonstrate these competencies by completing the assignment sheets and written test with a minimum of 85 percent accuracy.

SPECIFIC OBJECTIVES

After completing this unit, the student will be able to

1. State basic rules to follow when using numbers in written communications.
2. List responsibilities of a receptionist.
3. Identify good telephone communication skills.
4. Identify good telephone techniques.
5. Analyze telephone calls.
6. Identify the five C's of Business Communications.
7. Identify different letter styles. (TM 1, 2, and 3)
8. Identify types of punctuation used in business letters. (TM 1 and 2)
9. Identify the parts of a business letter.
10. Select number styles to use in written communications. (Assignment Sheet 1)
11. Proofread columns of numbers. (Assignment Sheet 2)

12. Record incoming telephone calls. (Assignment Sheet 3)

13. Practice good telephone communication skills. (Assignment Sheet 4)

14. Practice written communications using a block style letter with open punctuation. (Assignment Sheet 5)

15. Practice written communication using a modified block style letter with mixed punctuation. (Assignment Sheet 6)

16. Practice written communication by composing a business letter. (Assignment Sheet 7)

17. Practice written communication by composing a thank-you letter to a new customer at your financial institution. (Assignment Sheet 8)

18. Proofread misspelled words. (Assignment Sheet 9)

19. Practice correct English usage. (Assignment sheet 10)

20. Practice proofreading copy from straight text. (Assignment Sheet 11)

21. Practice proofreading copy by comparison. (Assignment Sheet 12)

PREPARATION

- Review unit and plan presentation.
- Study the specific objectives to determine those you will cover in a lecture presentation.
- Plan classroom activities to allow time to cover training packages (Number Skills and Proofamatics), if they are used.
- Bring in outside sources, such as magazine and newspaper articles to stress the effects poor proofreading skills can have on an employer-employee situation.
- Order any additional materials that may be needed to enhance the unit.
- Use transparencies of proofreading symbols that are commonly used.
- Invite guest speakers, such as a receptionist from a financial institution to explain the job requirements, duties performed, salary range to expect, interviewing procedures, etc.
- Arrange for the use of all additional equipment, such as teletrainer telephones, VHS tapes, cassette tapes, etc.
- Invite a switchboard operator of both a large and a small business to speak to the class.
- Invite a public relations representative from Southwestern Bell to speak to the group on positive first impressions.
- Provide guest speakers with information sheet beforehand.

DELIVERY

Objective 1

- Discuss with students the importance of proofreading numbers in written correspondence very carefully.
- Explain the importance of being consistent with the usage of numbers in correspondence.

Objective 2

- Have students practice being a receptionist.
- Discuss the importance of good "first impressions".

- Show video *How to Deal With All Kinds of Customers.*

Objective 3

- Use a teletrainer system for student practice.
- Discuss how valuable the telephone is to the success of a business.
- Discuss that "tone of voice" is the only impression a caller gets

Objective 4

- Explain the importance of answering the telephone promptly.
- Instruct students in the correct usage of telephone directories, message pad, reference materials.
- Have students practice giving and taking messages over the telephone.
- Show video *Telephone Communication Skills.*

Objective 5

- Discuss with students how to deal with difficult and/or different types of phone calls.
- Show video *Telephone Communicationsé Part II.*

Objective 6

- Discuss the effect poorly written correspondence has on the success of a business.
- Demonstrate the use of the dictionary, thesaurus, and reference manuals.
- Provide examples of well-written and poorly-written letters so that students can distinguish good and bad points of each.

Objective 7

- Provide examples of different letter styles and letter lengths.
- Discuss the differences of the three styles.
- Use TM 1, 2, and 3.

Objective 8

- Discuss the differences in the two punctuation styles.
- Use TM 1 and 2.
- Explain the importance of being consistent.

Objective 9

- Identify the seven parts of a business letter.
- Explain that the body of a letter is always single-spaced.

APPLICATION

Objective 10

- Use Assignment Sheet 1 to give students practice in selecting correct usage of numbers in written communications.

Objective 11

- Use Assignment Sheet 2 to give students practice in proofreading columns of numbers.

Objective 12

- Have students use Assignment Sheet 3 to give them practice in recording incoming and outgoing calls.

Objective 13

- Have students use Assignment Sheet 4 to practice good telephone skills.

Objectives 14 through 17

- Have students use Assignment Sheets 5, 6, 7, and 8 to practice mailable letter form for block style, modified block style, and composition of business letters.

Objective 18

- Have students use Assignment Sheet 9 to practice proofreading misspelled words.

Objective 19

- Have students use Assignment Sheet 10 to practice correct English usage.

Objectives 20 and 21

- Have students use Assignment Sheets 11 and 12 to practice proofreading copy from straight text and comparison text.

EVALUATION

Pretest

Written Test

Evaluate the students on assignment sheet activities and post-test.

SUGGESTED RESOURCES

Audio/Visual Materials

- *How to Deal with All Kinds of Customers*
- *Telephone Communication Skills*
- *Telephone Communication Skills, Part II*

NOTE: These videos are available to Oklahoma teachers on a free-loan basis. Oklahoma teachers may order these films from the Curriculum Instructional Materials Center, Oklahoma State Department of Vocational and Technical Education, 1500 W. Seventh Avenue, Stillwater, Oklahoma 74074. (1-800-522-5810) Out-of-state teachers must order these films from BancTraining Video *System, P.O. Box 10390, Des Moines, Iowa 50306.

Publications

- *Business Communication, A Guide to Effective Writing, Speaking and Listening* by William Himstreet, Gerald Maxwell and Mary J. Onorato - Pittman Learning Publishers, Copyright 1982, 4th Edition.
- *Procedures for the Modern Office* by Pasewark and Oliverio —Southwestern Publishing Co., Copyright 1983, 7th Edition.
- *Developing Proofreading Skills* by Sue Camp—Gregg/ McGraw Hill, Copyright 1980.
- *Basic Skills for the Modern Office* by Patricia Whalen—Southwestern Publishing Company, Copyright 1984.
- *Communications* unit student curriculum—Occupational Curriculum Lab—East Texas State University, Copyright 1986.

State Department of Vo-Tech Banking curriculum, Copyright 1980.

The Business of Oral Communications: Person to Person by Gwyn, Gwyn, and Sander — Southwestern Publishing Company (cassette tape series), Copyright 1980.

Century 21 Typewriting Style Manual compiled by Clifford House — Southwestern Publishing Company, Copyright 1977.

PRETEST ANSWERS

COMMUNICATIONS

V

OBJECTIVE 1

1. 1, 10, 10
2. a. Correct
   b. Correct
   c. Correct
   d. Incorrect
   e. Incorrect

OBJECTIVE 2

Answers should include any three of the following

- Greet visitors to the company.
- Answer telephone, take messages, and transfer calls.
- Simple typewriting tasks.
- Schedule appointments.
- Filing.
- Handle correspondence.

OBJECTIVE 3

1. 3
2. pen, paper

OBJECTIVE 4

Answers should include any three of the following

- Keep a smile in your voice
- Pronounce words clearly and correctly. Be yourself.
- Choose words correctly—be direct.
- Try to keep at an easy to understand rate and a pleasant volume.
- Speak directly into the telephone.
- Don't eat, drink, or smoke while using the telephone.

OBJECTIVE 5

Answers should include any three of the following

- Stay calm
- Listen carefully and ask questions
- Be concerned about the person's problems
- Provide information if you can. If you do not know the answer, find out and call back or give the message to the person who can handle the problem.
- Be courteous and end the conversation on a pleasant note.

OBJECTIVE 6

Answers should include any three of the following

- Courtesy
- Clearness
- Completeness
- Conciseness
- Correctness

OBJECTIVE 7

1. Modified Block Style

   Block Style

   AMS Simplified Style

2. Block style—everything starts at the left margin;

   Modified Block Style —the date and complimentary closing start at the center point, everything else starts at the left margin (paragraphs may or may not be indented).

OBJECTIVE 8

- Open
- Mixed

OBJECTIVE 9	Answers should include the following seven parts • Date line • Inside Address • Salutation • Body • Complimentary Closing • Writer's typed name and title • Reference Initials
OBJECTIVE 10	Refer to answers to Assignment Sheet 1.
OBJECTIVE 11	Refer to answers to Assignment Sheet 2.
OBJECTIVE 12	Refer to answers to Assignment Sheet 3.
OBJECTIVE 13	Refer to answers to Assignment Sheet 4.
OBJECTIVE 14	Refer to answers to Assignment Sheet 5.
OBJECTIVE 15	Refer to answers to Assignment Sheet 6.
OBJECTIVE 16	Refer to answers to Assignment Sheet 7.
OBJECTIVE 17	Refer to answers to Assignment Sheet 8.
OBJECTIVE 18	Refer to answers to Assignment Sheet 9.
OBJECTIVE 19	Refer to answers to Assignment Sheet 10.
OBJECTIVE 20	Refer to answers to Assignment Sheet 11.
OBJECTIVE 21	Refer to answers to Assignment Sheet 12.

PRETEST | COMMUNICATIONS V

OBJECTIVE 1

State basic rules to follow when using numbers in written communications.

1. Spell out numbers from ___ through ___ and use figures for numbers above ___ .
2. In the following sentences, state whether the numbers are used correctly or incorrectly.
    a. The office contains thirteen file cabinets and eight bookshelves.___________
    b. On April 15 we must file our state and federal income taxes.___________
    c. Eight females and 13 males are registered for the computer class.___________
    d. The 2nd graders collected 42 pounds of aluminum cans today.___________
    e. 42 employees have called in ill today.___________

OBJECTIVE 2

List responsibilities of a receptionist. List at least three items a receptionist would be expected to handle.

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OBJECTIVE 3

Identify good telephone communication skills.

1. When answering the telephone in an office, always try to answer the telephone within ___ rings.

2. List two items that need to be by the telephone in an office at all times.

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OBJECTIVE 4

Identify good telephone techniques. List three ways that enable you to have a pleasing telephone voice.

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OBJECTIVE 5

Analyze telephone calls. Sometimes it will be necessary to handle complaints over the telephone. Identify at least three ideas to remember when faced with this situation.

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OBJECTIVE 6

Identify the five C's of Business Communications. List three of the five C's of business communications.

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OBJECTIVE 7 **Identify letter styles.**

1. List the three most common types of letter styles used in offices today.

2. Describe the difference between a block style letter and a modified block style letter.

OBJECTIVE 8 **Name the two types of punctuation styles used in letters.**

OBJECTIVE 9 **Identify the parts of a business letter.** Name the seven basic parts of a business letter.

NOTICE	In addition to the pretest items, the student will be required to demonstrate mastery of the following objectives.	
OBJECTIVE 10	**Select number styles to use in written communications.**	SCORE _____
OBJECTIVE 11	**Proofread columns of numbers.**	SCORE _____
OBJECTIVE 12	**Record incoming telephone calls.**	SCORE _____
OBJECTIVE 13	**Practice good telephone communication skills.**	SCORE _____
OBJECTIVE 14	**Practice written communications using block style letter with open punctuation.**	SCORE _____
OBJECTIVE 15	**Practice written communications using a modified block style letter with mixed punctuation.**	SCORE _____
OBJECTIVE 16	**Practice written communications by composing a business letter.**	SCORE _____
OBJECTIVE 17	**Practice written communication by composing a thank-you letter to a new customer at your financial institution.**	SCORE _____
OBJECTIVE 18	**Proofread misspelled words.**	SCORE _____
OBJECTIVE 19	**Practice correct English usage.**	SCORE _____
OBJECTIVE 20	**Practice proofreading copy from straight text.**	SCORE _____
OBJECTIVE 21	**Practice proofreading copy by comparison.**	SCORE _____

OBJECTIVE 1

State basic rules to follow when using numbers in written communications.

Letters, memorandums, orders, and most other business communications often include numbers. It is particularly important for the writer to proofread numbers carefully because the reader has no way of knowing that $71.10 should really be $7.10. The writer must check each numeral carefully to make sure it is accurate.

Basic Rules to Follow for Number Usage:

- Spell out numbers from 1 through 10 and use figures for numbers above 10. However, be consistent in using numbers in a sentence. For example: Two supervisors, six assistants, and fifteen managers were at the conference. (All numbers are spelled out for consistency in the sentence.)
- Always spell out a number that begins a sentence. If spelling out a number makes the sentence too awkward, then reword the sentence. For example: Eight employees are applying for the position.
- Use figures for fractions, percentages, measurements, and amounts of money. For example: The total of the bill is $34.99 payable in 15 days.
- Omit: 00 for time "on the hour" and .00 in dollar amounts. For example: It is 12 o'clock and the deadline for the $15. is past due.
- Use numbers to express time with the expressions o'clock or a.m. and p.m. For example: It is 3:30 p.m. and we are due in the President's office in 15 minutes.
- Spell out the word percent. However, use the symbol for percent (%) in statistical writing or in columns where space may be restricted. For example: The conference attendance is 30 percent greater than we expected.
- Spell out indefinite numbers and amounts, fractions that stand alone, and ages. For example: One-half of the crowd, age fifty and above, are attending the conference.

OBJECTIVE 2

List responsibilities of a receptionist.

A receptionist's responsibilities are usually general in nature and vary according to the needs of the business. Below is a list of those duties required of most receptionists.

- Greet visitors to the company
- Answer telephone, take messages, and transfer calls
- Simple typewriting tasks
- Schedule appointments
- Filing
- Handle correspondence

OBJECTIVE 3

Identify good telephone communication skills.

The telephone is the most often used source of business communications currently available. Most employees are expected to handle telephone calls, and they are expected to be able to use the telephone effectively and efficiently. When responding to a telephone call, the receptionist's telephone voice influences the caller's impression of the organization being represented. A good receptionist will give callers a positive first impression. Listed below are six steps to use in order to have a pleasing telephone voice.

- Keep a smile in your voice.
- Pronounce words clearly and correctly. Be yourself.
- Choose words carefully—be direct.
- Try to keep at an easy-to-understand rate and at a pleasant volume.
- Speak directly into the telephone.
- Don't eat, drink, or smoke while using the telephone.

Personalizing the telephone conversation makes the listener feel more at ease and feel as if they are "getting their money's worth" out of the call.

OBJECTIVE 4

Identify good telephone techniques.

- See the listener in your mind.
- Concentrate on the telephone call.
- Demonstrate understanding by asking questions, repeating information, and requesting more information if needed.
- Personal courtesy—always identify yourself at the beginning of the conversation.
- Use "please" and "thank you".
- Have a helpful attitude.
- End the conversation on an agreeable note.

In order to create a good impression, always answer the telephone promptly—within three rings if possible.

- Answer with appropriate identification.

  EXAMPLE : "Good morning, Student National Bank" or "Student National Bank, may I direct your call."

This gives the caller the impression that they are talking to a real person.

Pay careful attention to distributing calls to other people. A person calling into your institution does not want to be transferred to several people before finally ending up with the person he originally called.

When taking messages over the phone, pay careful attention to giving and getting the correct information. Write down all the important information and repeat it back to the caller. Have the following close to your phone: pen and paper, reference materials, and a clock and calendar for scheduling appointments.

OBJECTIVE 5

Analyze telephone calls.

Sometimes it will be necessary to handle complaints over the telephone. Some ideas to remember are:

- Stay calm.
- Listen carefully and ask questions.
- Be concerned about the person's problem.

- Provide information if you can. If you do not know the answer, find out and call back, or give the message to the person who can handle the problem.

- Be courteous and end the conversation on a pleasant note.

OBJECTIVE 6 **Identify the five C's of Business Communication**

To be effective, a business letter must make a good first impression. A properly written letter helps build goodwill for your company, thus making your company more successful.

The five C's of Business communications:

- **Courtesy**—Use common courtesy when sending correspondence. Treat the person as you would want to be treated.

- **Clearness**—The meaning of the letter must be perfectly clear and make absolute sense to the reader. Organize your thoughts before putting anything on paper.

- **Completeness**—Send complete messages to the reader. Use an outline to prepare yourself and to make sure all the information needed is included.

- **Conciseness**—Organize your ideas and stick to them. Avoid wordiness; use simple, straight-forward language.

- **Correctness**—Carefully proofread the letter before mailing it, checking both for content correctness and for typographical errors.

OBJECTIVE 7 **Identify letter styles. (TM 1, 2, and 3)**

Business letters are usually typed on the financial institutions letterhead stationery which will have the financial institutions mailing address and other information printed at the top.

Currently there are three popular letter styles being used: block, modified block, and AMS simplified. In the **block** letter styles all lines will start at the left margin. In the **modified block style**, the date and closing lines start at the center of the paper. The paragraphs may be indented or blocked at the left margin. With the **AMS simplified style**, all lines begin at the left margin with the salutation and complimentary closing being omitted. A subject line is also used with this style and is optional with the other two styles.

OBJECTIVE 8 **Identify two types of punctuation used in business letters.**

Two types of punctuation are used in business letters, **open** and **mixed**. **Open** punctuation uses no punctuation after the salutation and complimentary closing. **Mixed** punctuation uses a colon after the salutation and a comma after the complimentary closing. No matter which style is used, be consistent in its use.

OBJECTIVE 9 **Identify the parts of a business letter.**

The basic parts of a business letter are: date line, inside address, salutation, body, complimentary closing, writer's typed name and title, and reference initials. The following example will show the parts of the letter and the correct spacing:

Example 1

Current Date (return 4 times)

Inside Address:

Name
Mailing Address
City, State, and Zip (return 2 times)

Salutation: (return 2 times)

Body:

Thank you for opening your savings account with The Student's Bank of Oklahoma and allowing us to serve your banking needs. (return 2 times)

We invite you to use any of our services we have available. We will work hard to provide you with the best banking service possible. If we may ever be of any further service to you, please call us at (405) 555-1111 or write to us at P.O. Box 400, Yourtown, OK 60000.

We appreciate your business and look forward to a prosperous business relationship with you. (return 2 times)

(Complimentary Closing), (return 4 times)

Writer and Title:

James White, President (return 2 times)

Reference Initials

NOTE: As shown in the body of this letter, the paragraphs are single-spaced with one blank line between paragraphs. The style shown above is modified block with the paragraphs blocked at the left margin. The punctuation style is mixed.

Most correspondence typed by a receptionist will have standard margins set. At times, however, the length of a letter may be such that the aid of a placement table (see Example 2) is needed.

Example 2: LETTER PLACEMENT TABLE

Letter Classification	5-Stroke Words in Letter Body	Side Margins	Margin Settings		Dateline Position (From Top Edge of Paper)
			Elite	Pica	
Short	Up to 100	2"	24-83	20-70	Line 20
1	101-150	1 1/2"	18-89	15-75	18
2	151-200	1 1/2"	18-89	15-75	16
Average 3	201-250	1 1/2"	18-89	15-75	14
4	251-300	1 1/2"	18-89	15-75	12
Long	301-350	1"	12-95	10-80	12
Two-page	More than 350	1:	12-95	10-80	12
Standard 6" line for all letters	As above for all letters	1 1/4"	15-92	12-77	As above for all letters

* Use only when so directed. Some business firms use the standard 6" line for all letters.

BLOCK LETTER WITH OPEN PUNCTUATION

April 20, 1989

Mrs. Selma Parker
Student National Bank
P.O. Box 5555
Stillcreek, AR 33703

Dear Mrs. Parker

Your ad in today's Stillcreek News described a position for an experienced word processing supervisor who is familiar with the financial industry. I feel that my background in business administration and my experience supervising a word processing center in a financial institution makes me an ideal candidate for the position.

As a word processing technician, I operated three different brands of word processors and both impact and nonimpact printers. After two years as an operator, I was promoted to supervisor of the center. Recently, I was responsible for the evaluation and selection of new software for our information processors. This experience and my other experiences summarized on the enclosed data sheet will be extremely valuable in setting up new centers.

Our family is scheduled to move to Stillcreek on May 1; however, I could come for an interview prior to that time. Please give me the opportunity to demonstrate to you that my qualifications are a perfect match for the position you advertised. You may call me at (212)555-6664 to suggest a convenient time for an interview.

Sincerely

Ms. Michi Nitobe

Enclosure

MODIFIED BLOCK LETTER WITH BLOCK PARAGRAPHS AND MIXED PUNCTUATION

April 24, 1989

Dr. Gene Alexander
Personnel Director
Student National Bank
P.O. Box 4444
Waterford, OK 74333

Dear Dr. Alexander:

Thank you for your inquiry regarding our in-house programs. We offer the broadest selection of one day business seminars available anywhere for all levels of management and support personnel.

The fee is a flat fee for the day and includes all expenses. The only expense you will have beyond our fee is for the meeting facility, coffee breaks and lunch period if you are going to sponsor lunch for your employees or group.

With the flat fee there is no minimum number of people. The fee is good from one up to fifty attendees per day. Should you have more than fifty there is a per person charge of $20 for each attendee IN EXCESS of the first fifty. Should your group exceed one hundred people, the charge for each additional person over fifty, is reduced to $12.50 each.

Many of our customers have requested that we make our programs available in four hour formats, rather than a full day. This allows you to keep part of your work force attending the regular business of the day while half are training. We will do a morning and an afternoon session, in abbreviated format, for the same price of a full day seminar. However, the total number of people for excess charge is fifty per day, not per class.

We would be pleased to answer any further questions you have once you have reviewed the enclosed information. Please call our toll free numbers during regular business hours. Call Today!

Sincerely,

Claudia Crittenden

AMS SIMPLIFIED STYLE

April 24, 1989

Mrs. Thelma Oakes
Ozarko National Bank
P.O. Box 8910
Middletown, NY

IN-HOUSE TRAINING

Thank you for your inquiry regarding our in-house programs. We offer the broadest selection of one-day business seminars available anywhere for all levels of management and support personnel.

The fee is a flat fee for the day and includes all expenses. The only expense you will have beyond our fee is for the meeting facility, coffee breaks and lunch period if you are going to sponsor lunch for your employees or group. With the flat fee there is no minimum number of people. The fee is good from one up to fifty attendees per day. Should you have more than fifty there is a per person charge of $20 for each attendee in excess of the first fifty. Should your group exceed one hundred people, the charge for each additional person over fifty, is reduced to $12.50 each.

Many of our customers have requested that we make our programs available in four hour formats, rather than a full day. This allows you to keep part of your work force attending the regular business of the day while half are training. We will do a morning and an afternoon session, in abbreviated format, for the same price of a full day seminar. However, the total number of people for excess charge is fifty per day, not per class.

We ask that you give us at least thirty days lead time for any booking in order that we can guarantee your date and time. We would be pleased to answer any further questions once you have read our enclosed information.

CLAUDIA CRITTENDEN
Sales Representative

gk

Enclosure

ASSIGNMENT SHEET 1 — COMMUNICATIONS — V

NAME ______________________________ SCORE ________

OBJECTIVE 10 **Select number styles to use in written communications.**

DIRECTIONS In the following memorandum, select the correct number style from the two choices given in parentheses. Circle your choice.

DATE: February 16, 1989

TO: Carol Smith, President

FROM: Debbie Bell, Director of Personnel

SUBJECT: Annual Report on Hiring Procedures

As you are aware, by April (1, 1st) we must file documentation of our hiring procedures with the Bureau of Labor Statistics. Enclosed is a copy of this (fourteen-page, 14-page) report for your files. A copy has been sent to each of the (seven, 7) members of our bank's board of directors and members of the personnel department.

As of February (1st, 1), our administrative staff included (eleven, 11) women; this accounts for (24%, 24 percent) of our current administrative staff. Also included in the report is a list of each employee's age and race because the Bureau is interested in determining if age or racial discrimination is taking place.

We have (42, forty-two) employees between the ages of (50, fifty) and (65, sixty-five). We also have (22, twenty-two) minority members on staff at SNB.

slb

NAME ______________________________ SCORE ________

OBJECTIVE 11 **Proofread columns of numbers.**

DIRECTIONS Assume Column 1 is correct. Compare the figures in Column 1 with those in Column 2 and circle in Column 2 anything that is different from Column 1.

Column 1	*Column 2*
23754	23754
21111	2111
10914	10914
6553	6535
5887	5878
0021	021
55633	5563
74111	74411
188277	112877
424491	424497
4780	47800
143400	143400
866	886
22-3021	22-30211
107087	107081
109527	10927

(continued)

Column 1	*Column 2*
1176528500	17652850
576322525	45163225254
101576444550	10157144550
5872587210400	587258721040
444-64-4604	444-64-4604
448-64-6609	448-64-6699
PAA-818	pAA-818
PYB-539	PYB-530
PAL-572	PA1-572
405-0406	405-0406
355-2921	355-2911
08-0101005	08-01010105

ASSIGNMENT SHEET 3 — COMMUNICATIONS — V

NAME ______________________________ SCORE ________

OBJECTIVE 12 **Record incoming telephone calls.**

DIRECTIONS Practice recording incoming telephone calls by reading the following scenarios and deciding how the message should be taken or if there is a need for a message. Use the copies of the telephone messages to record your message.

Script 1

Phone Rings: 8:00 a.m.

Receptionist: Good morning, Student National Bank, Sherrie speaking.

Caller: Hello, this is Greg Miller with Checking, Inc. Is Mr. Pierce in the office?

Receptionist: I am sorry, Mr. Miller, but Mr. Pierce is out of the office this afternoon and will not be back in the office until tomorrow morning. May I ask him to return your call or may I help you?

Caller: No, I want to see Mr. Pierce as soon as possible. Can you make an appointment for me to see Mr. Pierce. He is expecting a proposal from our company and I have the first draft ready.

Receptionist: Let me check Mr. Pierce's appointment calendar. Mr. Pierce can see you at 10:00 a.m. on Friday. Is this time convenient for you?

Caller: Yes, it is. I will be there at 10:00 a.m. Thank you, good bye.

Script 2

Phone Rings: 10:00 a.m.

Receptionist: Good morning, Student National Bank, may I direct your call?

Caller: Yes, I need to speak with Mr. Peters.

Receptionist: I am sorry, Mr. Peters is in a conference. May I ask him to return your call or may I help you.

Caller: Yes, my name is Karen Singletary and I am calling for the Special Olympics. Our organization would like to set-up a display in the lobby of your financial institution again this year. Mr. Peters asked me to please call him to confirm a date. We would like to do the display during the week of May 10-15 if it is all right with Mr. Peters. If this time is not convenient with Mr. Peters, have him call me at (415)662-1234.

Receptionist: I will give Mr. Peters this information as soon as he returns to his desk.

Caller: Thank you, good bye.

Script 3

Phone Rings: 2:00 p.m.

Receptionist: Good afternoon, Loan Department, this is Sue.

Caller: Good afternoon, is Ms. Dixon in the office?

Receptionist: No, Ms. Dixon is out of the office until Thursday. May I take a message and have Ms. Dixon return your call on Thursday, or may somebody else help you?

Caller: My name is Pat White, and I am with Forms, Inc. I would like to make an appointment with Ms. Dixon. I will be in the area this week only and would like to see her. Could you please check Ms. Dixon's calendar and make an appointment for me before Friday?

Receptionist: Let me check her calendar. I'm sorry but Ms. Dixon is unavailable for an appointment until Monday at 2:30 p.m.

Caller: I will be out of the area. I will call Ms. Dixon next week—just tell her that I called. Thank you, good bye.

Script 4

Phone Rings: 4:15 p.m.

Receptionist: Good afternoon, Student National Bank, Gayle speaking.

Caller: Yes, Gayle, I need to speak to Mrs. Riley in Customer Service.

Receptionist: Mrs. Riley is on vacation until April 28. Is there somebody else in Customer Service who could help you?

Caller: No, I needed to visit with Mrs. Riley about booth space for the upcoming Spring Festival. Is there another number where Mrs. Riley could be reached or do you know if she left someone in charge at the bank of booth rental?

Receptionist: Mrs. Riley did not leave a forwarding number and I do not have the information about the booth rental. Could I ask Mrs. Riley to call you when she returns from vacation?

Caller: Yes, please do. My name is Clarice Selman and I can be reached at Mirage Country Classics, 689-3333. If Mrs. Riley happens to call in, could you please give her this message. This is urgent because of the time frame.

Receptionist: Yes, I will.

Caller: Thank you, good bye.

PHONE MESSAGE

For: ____

Date: ____________________ Time: ____________________ A.M. P.M.

From: ____

Company: ____

Number: ____

Telephoned		Please Call	
Called to See You		Will Call Again	
Wants to See You		Rush	
Returned Your Call			

MESSAGE ____

____

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SIGNED ____

PHONE MESSAGE

For: ____________________

Date: ____________ Time: ____________ A.M. P.M.

From: ____________________

Company: ____________________

Number: ____________________

Telephoned		Please Call	
Called to See You		Will Call Again	
Wants to See You		Rush	
Returned Your Call			

MESSAGE

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SIGNED

____

PHONE MESSAGE

For:______________________________

Date:________________ Time:________________ A.M. P.M.

From:______________________________

Company:______________________________

Number:______________________________

Telephoned		Please Call	
Called to See You		Will Call Again	
Wants to See You		Rush	
Returned Your Call			

MESSAGE

SIGNED

335

PHONE MESSAGE

For:

Date: Time: A.M. P.M.

From:

Company:

Number:

Telephoned		Please Call	
Called to See You		Will Call Again	
Wants to See You		Rush	
Returned Your Call			

MESSAGE

SIGNED

ASSIGNMENT SHEET 4 — COMMUNICATIONS — V

NAME ______________________________ SCORE ________

OBJECTIVE 13 **Practice telephone communication skills.**

DIRECTIONS Read each situation described below, then write out an identification that would be appropriate if you were answering the telephone in this business. Identify the company and/or yourself if needed.

1. You work in a pizza parlor called Pizza Express. You answer all incoming calls and take orders. This is a small business with no areas to transfer calls to.

   Identification:

   ____

2. You work in the x-ray department of a large hospital. You are the receptionist for that department and you answer all the calls and schedule the x-rays.

   Identification:

   ____

3. You operate your own business called Newlin Painting. You answer your own telephone.

   Identification:

   ____

4. You answer all incoming calls for the Student National Bank & Trust Company, and then transfer the calls to the appropriate areas.

   Identification:

   ____

ASSIGNMENT SHEET 5 **COMMUNICATIONS** **V**

NAME ______________________________ SCORE ________

OBJECTIVE 14 **Practice written communications using block style with open punctuation.**

DIRECTIONS Type in *mailable* form the following thank-you letter using block style with open punctuation. Use margin settings for an average length letter and follow correct letter format spacing.

Date

Ms. Martha Higgins
1411 S. Wood
Miami, Ok 73542

Salutation

Thank you for allowing The Students' Bank of Oklahoma to serve your banking needs by opening your own personal checking account with us.

We certainly invite you to use all of our services. The Students' Bank of Oklahoma will work hard to provide you with the best possible banking service. Let us encourage you to let us know at any time when we might be of service to you by calling (405) 555-1111 or writing to P.O. Box 400, Yourtown, OK 60000.

Your business will always be appreciated, and we look forward to a lasting and prosperous relationship with you at The Students' Bank of Oklahoma.

Sincerely

James White, President

ASSIGNMENT SHEET 6

COMMUNICATIONS

NAME ______________________________ SCORE ________

OBJECTIVE 15 **Practice written communications using modified block style letter with mixed punctuation.**

DIRECTIONS Type the following form letter in *mailable* form using modified block style with block paragraphs and mixed punctuation. Use the margins for an average length letter and follow correct letter format spacing.

Date

Ms. Judy Leonard
1018 S. Memorial
Tulsa, OK 73152

Salutation

Thank you for allowing The Students' Bank of Oklahoma to serve your banking needs by opening your own personal checking account with us.

We certainly invite you to use all of our services. The Students' Bank of Oklahoma will work hard to provide you with the best possible banking service. Let us encourage you to let us know at any time when we might be of service to you by calling (405) 555-1111 or writing to P.O. Box 400, Yourtown, OK 60000.

Your business will always be appreciated, and we look forward to a lasting and prosperous relationship with you at The Students' Bank of Oklahoma.

Sincerely

James White, President

xx

NAME ______________________________ SCORE ________

OBJECTIVE 16

Practice written communications by composing a business letter.

Given the information below, type a business letter using any letter style and punctuation type. This letter is of average length and must be placed appropriately.

You are a receptionist for Student National Bank and receive a telephone call from an individual moving to your city. This individual wants to know about your financial institution's checking and savings plans. In addition, information is needed about all benefits your financial institution offers, such as, casher's checks, traveler's checks, mortgage loans, savings bond, money market accounts, interest bearing accounts, etc. Type a return letter to the following individual with this information:

Dr. Leslie Hunt
Eastern Texas State University
P.O. Box 455
Conrad, TX 75555

NAME ________________________________ SCORE________

OBJECTIVE 17

Practice written communication by composing a thank-you letter to a new customer at your financial institution.

You have completed opening an account for a new customer. Compose a thank-you letter to this customer for his patronage and trust in your financial institution. **NOTE:** You may use any style letter or punctuation style. Set your margins according to the length of the letter.

ASSIGNMENT SHEET 9

COMMUNICATIONS

V

NAME ________________________________ SCORE ________

OBJECTIVE 18

Proofread misspelled words.

The following list contains words that are misspelled. Circle the number of the words that are misspelled.

1. bouillon
2. hypocrisy
3. existance
4. laboratory
5. liquefy
6. guerila
7. Albuquerque
8. embaras
9. portugese
10. innoculate
11. iridesent
12. self-image
13. liaison
14. seperate
15. psychological
16. carbureator
17. acquiescence
18. florescent
19. aesthetics
20. precede
21. exempliary
22. superintendant
23. questionaire
24. parliamentary
25. lightning
26. tomatoe
27. enterprize
28. accomodation
29. prejudice
30. greivance
31. transferrable
32. parallel
33. curriculum
34. guaranty
35. immitate
36. fatigue
37. protein
38. competency
39. behavoral
40. vegetable
41. vaccuum
42. incumbant
43. February
44. incoherant
45. pompous
46. hazardous
47. occurence
48. vinagarette
49. hors d'ouevre
50. acknowledgement
51. impliment
52. Pennsylvania
53. larynghitis
54. leprechaun
55. punctuallity
56. typographical
57. persistant
58. macaroni
59. ludicrous
60. notarize

NAME ______________________________ SCORE ________

OBJECTIVE 19

Practice correct English usage.

In the following sentences, choose the correct word in parentheses that correctly completes each sentence. Underline the correct answer.

1. The (effect, affect) of the explosion was disastrous.
2. I gave five dollars to the sales clerk (who, whom) I think works full-time on Wednesday.
3. Now he is acting (like, as) an editor should.
4. Sheila is the best person (who, whom) I believe is the most likely for the job.
5. Yesterday I (lay, laid) down to take a nap.
6. There (go, goes) Greg and his assistant coordinator.
7. Dr. Peters is one of those directors who (is, are) always complimentary for work well done.
8. They gave the award to my wife and (I, me, myself).
9. Each of these typewriters has a mark on (its, their) side.
10. Terri's air freshener smells (sweet, sweetly).
11. Between you and (I, me), I think the office is being managed adequately.
12. I'm so hot that I (can hardly, can't hardly) sleep.
13. He let the bucket (sit, set) on the floor.
14. Leave all the moving arrangements to (she, her) and (I, me).
15. For (who, whom) are these flowers?
16. The security guard (sought, seeked) deperately to find the thief.

17. My tastes in Italian food are different (from, than) hers.

18. There was a surplus of canned food at the Christmas store because (fewer, less) people came this year.

19. If some one thinks this meeting will resolve any issues, (he or she, they) must be very optimistic.

20. The (prinicple, principal) reason for studying is to learn.

ASSIGNMENT SHEET 11 | **COMMUNICATIONS** | **V**

NAME ______________________________ SCORE ________

OBJECTIVE 20 **Practice proofreading copy from straight text.**

The following letter has errors that need to be corrected. Read through the letter and underline any error that you find.

Febuary 28, 1989

Ms. Cynthia Bracket
Training International Sources
P.O. Box 1111
Oklahoma City, OK 735302

Dear Ms. Bracket:

Our 1989 VTAT Educational exhibits held during the annual in-service conferance of Vocational Education Week in Oklahoma was a resounding sucess with a registration in access of 3,000!

You have preiuously recieved information about our 1990 show encouraging your participattion which needs to be updated. Both the location and date have been changed. We will be returning to the Hyattt Rejency on Febuary 10-14, instead of the dates given earlier of February 5-10.

Word of the excellance of our show in both the guallity of the exhibits and the intrest and size of the registration of teacherrs and adminstrators in the feild of vocational education continues to spraead. Yours is a company we would like to add to what we consideer a prestigiuos list of companies who continue to participate each yaer. A list of our 1989 exhibitorrs is enclosed.

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Plesase take the time to read the comments made by the representatives of companys particpting in the inclosed brocure. Then compete thee application for both space. I assure you the exposure will be a positive one especially if you have a new poduct or materail comming on the marekt. Let our teachers be your conection to the Oklahoma Consumer.

Cordialy

Jo Hampton
Exhibits Suervisor

gk

enclosure

ASSIGNMENT SHEET 12

COMMUNICATIONS

V

NAME ______________________________ SCORE ________

OBJECTIVE 21

Practice proofreading by comparison.

The following memorandum is typed correctly, however, the memo found next contains errors. Proofread the memo on the next page by comparing it to this memo and underline all errors.

TO: Bill Bruner

FROM: Laquita Walker

RE: Time and Leave Policy Changes

Thank you for the committee input received on April 24 and 25 regarding our present time and leave policy changes. Let me briefly summarize the new changes that will go into effect beginning May 1:

Annual Leave—Annual leave will be accrued by the individual at the rate of 10 hours a month or 15 days a year. This leave may be used for vacations, personal business, and emergencies. Accumulation limit is 30 days for any employee of less than 5 years and 60 days for more than 5 years of employment.

Sick Leave—Sick leave will be accrued by the individual at the rate of 10 hours a month or 15 days a year. This leave may be used for illness, doctor and dental appointments, or illness of any immediate family member. Accumulation limit is 130 days for *all* employees.

Annual and sick leave accrual rates and accumulation limits are based on continuous service with the state. Service prior to a break in service cannot be counted in determining years of service for leave accrual purposes.

lw

TO: Bill Bruner

FROM: Lauita Walkers

RE: Leave and Time Policy Changes

Thank you for the comittee input recieved on April 24 and 25 regaurding our present time and laeve policy changes. Let me breifly summarise the new changes that will go into affect beginning June 1:

Annual Leave—Anual leave will be acrued by the individual at the rate of 10 hours a month or 18 days a year. This leave may be used for vcacations, personal bussiness, and emergencies. Accummulation limit is 60 days for any employee of less than 5 years and 30 days for more than 5 years of empllyment.

Sick leave—Sick leave will be accrued by the individual at the rate of 10 hours a month or 18 days a year. This leave may be used for illness, doctor and dentla apointments, or illness of any imediate family member. Acummulation limit is 130 days for all employees.

Sick and annual leave acrual rates and acummulation limits are based on continuous service with the state. Service prios to a break-in service cannot be counted in determining years of service for leave acrual puposes.

lw

ASSIGNMENT SHEET 1

As you are aware, by April 1, we must file documentation of our hiring procedures with the Bureau of Labor Statistics. Enclosed is a copy of this 14-page report for your files. A copy has been sent to each of the seven members of our bank's board of directors and members of the personnel department.

As of February 1, our administrative staff included 11 women; this accounts for 24 percent of our current administrative staff. Also included in the report is a list of each employee's age and race because the Bureau is interested in determining if age or racial discrimination is taking place.

We have 42 employees between the ages of 50 and 65. We also have 22 minority members on staff at SNB.

slb

**Caution: Use the rule for consistency in numbers with the last paragraph.

ASSIGNMENT SHEET 2

C - CORRECT
I - INCORRECT

Column 2

C	
I - 21111	2111
C	
I - 6553	6535
I - 5887	5878
I - 0021	021
I - 55633	5563
I - 74111	74411
I - 188277	112877

I - 424491	424497
I - 4780	47800
C	
I - 866	886
I - 22-3021	22-30211
I - 107087	107081
I - 109527	10927
I - 1176528500	17652850
I - 4576322525	4516322525
I - 101576444550	10157144550
I - 5872587210400	587258721040
C	
I - 448-64-6609	448-64-6699
I - PAA-818	pAA-818
I - PYB-539	PYB-530
I - PAL-572	PAl-572
C	
I - 355-2921	355-2911
I - 08-0101005	08-01010105

ASSIGNMENT SHEET 3

Script 1

PHONE MESSAGE

For: Mr. Pierce

Date: (current date) Time: 8:00 (current time) [✓ A.M.] P.M.

From: Mr. Miller

Company: —

Number: —

Telephoned	✓	Please Call	
Called to See You		Will Call Again	
Wants to See You	✓	Rush	
Returned Your Call			

MESSAGE Mr. Miller has the first draft of the proposal ready for you to view. He has an appointment with you at 10:00 A.M. on Friday.

SIGNED G Alexander

Script 2

PHONE MESSAGE

For: Mr. Peters

Date: (current date) Time: (current time) 10:00 [✓ A.M.] P.M.

From: Karen Singletary

Company: Special Olympics

Number: (415) 662-1234

Telephoned	✓	Please Call	
Called to See You		Will Call Again	
Wants to See You		Rush	
Returned Your Call			

MESSAGE She called to confirm a date to display in the lobby for Special Olympics. The date is the week of May 10-15. If this is not convenient, please call her.

SIGNED G Alexander

Script 3

PHONE MESSAGE

For: Ms. Dixon

Date: (current date) Time: 2:00 (current time) A.M. [✓ P.M.]

From: Mr. Pat White

Company: Forms, Inc.

Number: —

Telephoned	✓	Please Call	
Called to See You		Will Call Again	✓
Wants to See You		Rush	
Returned Your Call			

MESSAGE Mr. White was in the area this week and wanted to see you. He will call you next week.

SIGNED G. Alexander

Script 4

PHONE MESSAGE

For: Mrs. Riley

Date: (current date) Time: 4:15 (current time) A.M. [✓ P.M.]

From: Clarice Selman

Company: Mirage Country Classics

Number: 689-3333

Telephoned	✓	Please Call urgent	✓
Called to See You		Will Call Again	
Wants to See You		Rush	
Returned Your Call			

MESSAGE She needs to speak to you as soon as possible in regard to booth rental for the upcoming Spring Festival.

SIGNED G. Alexander

ASSIGNMENT SHEET 4

1. Pizza Express, Jane Doe
2. X-ray Department, Student Name
3. Newlin Painting, Name is Optional
4. Student National Bank & Trust Company, May I Help You? (Optional)

ASSIGNMENT SHEET 5

March 13, 1989

Ms. Martha Higgins
1411 S. Wood
Miami, Ok 73542

Dear Ms. Higgins

Thank you for allowing The Students' Bank of Oklahoma to serve your banking needs by opening your own personal checking account with us.

We certainly invite you to use all of our services. The Students' Bank of Oklahoma will work hard to provide you with the best possible banking service. Let us encourage you to let us know at any time when we might be of service to you by calling (405) 555-1111 or writing to P.O. Box 400, Yourtown, OK 60000.

Your business will always be appreciated, and we look forward to a lasting and prosperous relationship with you at The Students' Bank of Oklahoma.

Sincerely

James White, President

slb

ASSIGNMENT SHEET 6

March 13, 1989

Ms. Judy Leonard
1018 S. Memorial
Tulsa, OK 73152

Dear Ms. Leonard:

Thank you for allowing The Students' Bank of Oklahoma to serve your banking needs by opening your own personal checking account with us.

We certainly invite you to use all of our services. The Students' Bank of Oklahoma will work hard to provide you with the best possible banking service. Let us encourage you to let us know at any time when we might be of service to you by calling (405) 555-1111 or writing to P.O. Box 400, Yourtown, OK 60000.

Your business will always be appreciated, and we look forward to a lasting and prosperous relationship with you at The Students' Bank of Oklahoma.

Sincerely,

James White, President

slb

ASSIGNMENT SHEET 7

Instructors will evaluate student's performance by examining the contents of the letter to assure that all information has been covered

ASSIGNMENT SHEET 8

Instructors will evaluate student's performance by examining the contents of the letter to assure that the student has written a proper thank-you letter.

ASSIGNMENT SHEET 9

INCORRECT

3
6
8
9
10
11
14
16
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ASSIGNMENT SHEET 10

1. effect
2. who
3. as
4. who
5. lay
5. go
7. are
8. me
8. me
9. its
10. sweet
11. me
12. can hardly
13. sit
14. her and me
15. whom
16. sought
17. from
18. fewer
18. fewer
19. he or she
20. principal

Febuary 28, 1989

Ms. Cynthia Bracket
Training International Sources
P.O. Box 1111
Oklahoma City, OK 735302

Dear Ms. Bracket:

Our 1989 VTAT Educational exhibits held during the annual in-service conferance of Vocational Educaion Week in Oklahoma was a resounding sucess with a registration in access of 3,000!

You have preiuously recieved information about our 1990 show encouraging your participattion which needs to be updated. Both the location and date have been changed. We will be returning to the Hyattt Rejency on Febuary 10-14, instead of the dates given earlier of February 5-10.

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Plesase take the time to read the comments made by the representatives of companys particpting in the inclosed brocure. Then compete thee application for both space. I assure you the exposure will be a positive one, especially if you have a new poduct or materail comming on the marekt. Let our teachers be your conection to the Oklahoma Consumer.

Cordialy

Jo Hampton
Exhibits Suervisor

gk

Enclosure

ASSIGNMENT SHEET 12

TO: Bill Bruner

FROM: Lauita Walkers

RE: Leave and Time Policy Changes

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lw

WRITTEN TEST

COMMUNICATIONS V

NAME ____________________ SCORE ________

OBJECTIVE 1

State basic rules to follow when using numbers in written communications. List three basic rules to follow when using numbers in written communications.

OBJECTIVE 2

List responsibilities of a receptionist. Name three responsibilities of a receptionist.

OBJECTIVE 3

Identify good telephone communication skills. Name five ways you can have a pleasing telephone voice.

OBJECTIVE 4

Identify good telephone techniques. Name the seven steps to personalizing telephone calls.

1. ______________________________
2. ______________________________
3. ______________________________
4. ______________________________
5. ______________________________
6. ______________________________
7. ______________________________

OBJECTIVE 5

Analyze telephone calls. List three ideas to remember when handling complaints over the telephone.

OBJECTIVE 6

Identify the five C's of Business Communications. List the five C's of Business Communications.

OBJECTIVE 7

Identify letter styles. Name the three most common letter styles used in business communications today.

OBJECTIVE 8

Identify the two types of punctuation used in business letters. Name the two punctuation styles used in business letters.

OBJECTIVE 9

Identify the parts of a business letter. Name the seven basic parts of a business letter.

NOTICE	The following assignment sheets are not a part of the written test. If these activities have not been completed, check with your instructor.	
OBJECTIVE 10	Select number styles to use in written communications.	SCORE _____
OBJECTIVE 11	Proofread columns of numbers.	SCORE _____
OBJECTIVE 12	Record incoming telephone calls.	SCORE _____
OBJECTIVE 13	Practice good telephone communication skills.	SCORE _____
OBJECTIVE 14	Practice written communication using a block style letter with open punctuation.	SCORE _____
OBJECTIVE 15	Practice written communication using a modified block style letter with mixed punctuation.	SCORE _____
OBJECTIVE 16	Practice written communication by composing a business letter.	SCORE _____
OBJECTIVE 17	Practice written communication by composing a thank-you letter to a new customer at your financial institution.	SCORE _____
OBJECTIVE 18	Proofread misspelled words.	SCORE _____
OBJECTIVE 19	Practice correct English usage.	SCORE _____
OBJECTIVE 20	Practice proofreading copy from straight text.	SCORE _____
OBJECTIVE 21	Practice proofreading copy by comparison.	SCORE _____

OBJECTIVE 1

- Spell out numbers from 1 through 10 and use figures for numbers above 10.
- Always spell out a number that begins a sentence.
- Use figures for fractions, percentages, measurements, and amounts of money.
- Omit :00 for time "on the hour" and .00 in dollar amounts.
- Use numbers to express time with the expression O'clock or a.m. and p.m.
- Spell out the word percent except in statistical writing or in columns where space may be restricted then use the symbol (%).
- Spell out indefinite numbers and amounts, fractions that stand alone, and ages.

OBJECTIVE 2

Answers should include any three of the following

- Greet visitors to the company.
- Answer telephone, take messages, and transfer calls.
- Simple typewriting tasks.
- Schedule appointments.
- Filing.
- Handle correspondence.

OBJECTIVE 3

Answers should include any five of the following

- Keep a smile in your voice.
- Pronounce words clearly and correctly. Be yourself.
- Choose words carefully—be direct.
- Try to keep at an easy-to-understand rate and a pleasant volume.

- Speak directly into the phone.
- Don't eat, drink, or smoke while using the phone.

OBJECTIVE 4

- See the listener in your mind.
- Concentrate on the telephone call.
- Demonstrate understanding by asking questions, repeating information, and requesting more information if needed.
- Personal courtesy—always identify yourself at the beginning of the conversation.
- Use "please" and "thank-you".
- Have a helpful attitude.
- End the conversation on an agreeable note.

OBJECTIVE 5

- Stay calm
- Listen carefully and ask questions
- Be concerned about the person's problem.
- Provide information if you can. If you do not know the answer, find out and call back, or give the message to the person who can handle the problem.
- Be courteous and end the conversation in a pleasant note.

OBJECTIVE 6

- Courtesy
- Clearness
- Completeness

OBJECTIVE 7

- Block
- Modified Block
- AMS Simplified Style

OBJECTIVE 8

- Open
- Mixed

OBJECTIVE 9	• Dateline • Inside address • Salutation • Body • Complimentary close • Writer's typed name and title • Reference initials
OBJECTIVE 10	Refer to answers to Assignment Sheet 1.
OBJECTIVE 11	Refer to answers to Assignment Sheet 2.
OBJECTIVE 12	Refer to answers to Assignment Sheet 3.
OBJECTIVE 13	Refer to answers to Assignment Sheet 4.
OBJECTIVE 14	Refer to answers to Assignment Sheets 5.
OBJECTIVE 15	Refer to answers to Assignment Sheet 6.
OBJECTIVE 16	Refer to answers to Assignment Sheet 7.
OBJECTIVE 17	Refer to answers to Assignment Sheet 8.
OBJECTIVE 18	Refer to answers to Assignment Sheet 9.
OBJECTIVE 19	Refer to answers to Assignment Sheet 10.
OBJECTIVE 20	Refer to answers to Assignment Sheet 11.
OBJECTIVE 21	Refer to answers to Assignment Sheet 12.

OBJECTIVE SHEET

SECURITY

VI

INTRODUCTION

As a future employee of a financial institution, it is very important that you are knowledgeable of the basic security precautions a financial institution is likely to require of its employees. Due to the amount of money on the premises and the high degree of confidentiality, employees of financial institutions must be particularly conscious of security procedures.

UNIT OBJECTIVE

After completing this unit, the student should be able to describe basic security requirements made by financial institutions. The student will demonstrate these competencies by completing assignment sheets and written test with a minimum of 85 percent accuracy.

SPECIFIC OBJECTIVES

After completing this unit, the student should be able to

1. Match the terms associated with security to their correct definitions.
2. Describe procedures for entering the financial institution.
3. Match basic types of security systems or measures to their correct descriptions.
4. Describe how dual control, rotation of duties, and mandatory vacations prevent embezzlement by financial institution employees.
5. List ways auditors protect a financial institution from monetary loss.
6. Choose from a list those procedures an employee should follow before, during, and after a robbery.
7. List procedures to follow in case of fire, natural disaster, or power outage.
8. List procedures to follow in case of bomb threats or hostage situations.
9. Explain security measures in a financial institution. (Assignment Sheet 1)

10. Explain how to deal with unexpected security events. (Assignment Sheet 2)

PREPARATION

- Order materials to supplement unit.
- Invite a security officer from a local financial institution; a member of a law enforcement agency—police officer, FBI agent, or secret service agent; and/or a security company representative to speak to the class about security measures available for financial institutions.

  NOTE: Supply the guest speaker with the objective sheet, information sheet, and any other components you want them to cover.
- Obtain current statistics concerning robberies of financial institutions—frequency and dollar amount.
- Arrange for students from another class whom your students are not familiar with to enact a robbery in your classroom.
- Ask students to start collecting newspaper clippings of robberies of financial institutions or other breaches of security, such as embezzlement, bomb threats, or hostage attempts.
- Obtain copies of emergency procedures that are followed in local financial institutions.

DELIVERY

Objective 1

- Discuss the terms and definitions.

Objectives 2 through 5

- Show video *Security Issues for the Whole Bank*.
- Have the guest speaker(s) talk to the class about security measures in the financial institution.
- Tell the students how important it is to practice good security measures when entering and leaving the financial institution.
- Tell the students why financial institutions have to enforce dual control, rotation of duties, and mandatory vacations.
- Discuss why auditors are important.

Objective 6

- Show the video *Holdup! Play This One for Safety*.
- Discuss Handouts 1 through 4. Tell the students that the handouts are designed to help them remember and convey as accurate a description as is possible under the trying conditions of a robbery.
- Role play a robbery in the classroom (financial setting) and have students complete the description sheet.

Objective 7

- Role play procedures to follow in case of fire, natural disaster, and power outage.

Objective 8

- Have students role play a hostage situation and complete Handout 5.

APPLICATION

Objectives 9 and 10

- Use Assignment Sheet 1 to give students practice in applying security measures in a financial institution.
- Use Assignment Sheet 2 to give students practice in handling unexpected security events.

EVALUATION

Pretest

- Pretest qualifying students.
- Determine individual study requirements from pretest results.
- Counsel students individually on pretest results and study requirements.
- Modify materials in unit or create supplementary materials for individual students as required.

Written Test

- Explain to students that they will be asked to demonstrate on the written test the actions listed in the specific objectives.
- Give unit test.

NOTE: The unit test may be given in sections if desired.

- Evaluate students on assignment sheet activities if not previously done.
- Reteach and retest if necessary.
- Complete appropriate section of competency profiles.
- Review individual and group performance in order to evaluate teaching methods. Adjust scope, sequence, or instructional approaches for additional lessons as required.

SUGGESTED RESOURCES

Audio-Visual Materials

- *Holdup! Play This One for Safety*
- *Security Issues for the Whole Bank*

NOTE: These films are available to Oklahoma teachers on a free-loan basis. Oklahoma teachers may order these films from the Curriculum and Instructional Materials Center, Oklahoma State Department of Vocational and Technical Education, 1500 W. Seventh Avenue, Stillwater, Oklahoma 74074. (1-800-522-5810) Out-of-state teachers must order these films from BancTraining Video System, P.O. Box 10390, Des Moines, Iowa 50306.

UNIT REFERENCES

- Compton, Eric N. *Principles of Banking, 3rd ed.* Washington, D.C.: American Bankers Association, 1984.

  NOTE: *Principles of Banking* is available from American Bankers Association, 1120 Connecticut Avenue N.W., Washington, D.C. 20036.

- *Security Essentials*. Chicago: Institute of Financial Education, 1981.

  NOTE: *Security Essentials* is available from Institute of Financial Education, 111 E. Walker Drive, Chicago, Illinois 60601.

PRETEST ANSWERS — SECURITY — VI

OBJECTIVE 1

1. a
2. f
3. e
4. b
5. c
6. g
7. h

OBJECTIVE 2

Explanation should include

- Check all rooms, storage areas, and closets if you are the first person to enter.
- Watch for a "signal" that indicates it is safe to enter.
- Enter the financial institution using the correct door.

OBJECTIVE 3

1. c
2. b
3. a
4. a, b, c

OBJECTIVE 4

- Mandatory vacations—Institutions require their employees to take two consecutive weeks of vacation each year. This allows others to take over the employees job and any discrepancies can be discovered.
- Dual control—Two employees are instructed in the completion of a transaction.
- Rotation of duties—Employees work in different areas and may discover incorrect procedures or illegal actions performed by another employee.

OBJECTIVE 5

- Conducting cash counts
- Establishing internal control
- Auditing employee accounts

OBJECTIVE 6

1. d
2. a
3. c

OBJECTIVE 7

- Be familiar with the layout of the financial institution.
- Safeguard whatever you are working with and take them to the vault.
- Follow the appropriate instructions to ensure your safety.

OBJECTIVE 8

- Keep the caller on the telephone.
- Stay calm
- Tape-record the conversation if possible.
- Find out as much information as possible about the caller and the situation.
- Notify a security officer immediately after the call has been completed.

OBJECTIVE 9

Refer to answers to Assignment Sheet 1.

OBJECTIVE 10

Refer to answers to Assignment Sheet 2.

PRETEST **SECURITY** **VI**

NAME ______________________ SCORE ______

OBJECTIVE 1

Match the terms associated with security to their correct definitions. Write the correct letter in the blank.

___1. Maintenance of internal controls

___2. Officer in charge of audit functions

___3. Never discussing customer accounts inappropriately

___4. Person designated to evaluate security

___5. Fraudulently taking money for own use

___6. Strap of bills to be given out during a robbery

___7. Designated meeting place

a. Vault cash limit

b. Security officer

c. Embezzlement

d. Surveillance

e. Confidentiality procedures

f. Auditor

g. Bait money

h. Rendezvous point

i. Cash drawer limit

j. Auditing

OBJECTIVE 2

Describe procedures for entering the financial institution.

OBJECTIVE 3

Match basic types of security systems or measures to their descriptions. Circle the letter of the security system described in each of the questions below.

1. Which of the following security systems or measures is used primarily on vault doors?

   a. Bill traps

   b. Foot alarms

   c. Timer alarms

   d. Desk alarms

2. Which of the following security systems or measures is used to identify stolen currency:

   a. Lighted vaults

   b. Bait money

   c. Security guards

   d. Surveillance cameras

3. Which of the following security systems or measures is used to allow access to only authorized personnel?

   a. Locked doors/filing cabinets

   b. Lighted vaults

   c. Timer alarms

   d. Cash drawer limits

4. Which of the following security systems or measures is used to set off a silent alarm? (There may be more than one answer.)

   a. Bill trap

   b. Foot alarm

   c. Desk alarm

   d. Bait money

OBJECTIVE 4

Describe how embezzlement could be prevented by financial institution employees when the following procedures are followed.

Mandatory vacations— ____________________

Dual control— ____________________

Rotation of duties— ____________________

OBJECTIVE 5

List three ways auditors can protect a financial institution from monetary loss.

OBJECTIVE 6

Choose the correct procedure to follow in each of the situations below. Circle the letter corresponding to the correct answer.

1. If you see a robbery in progress, you should:
    a. Scream!
    b. Proceed to a designated area of the bank as quickly as possible.
    c. Get out of the bank as quickly as possible.
    d. Stand back and observe as much as possible.
2. Robberies can be prevented by:
    a. Being observant to any type of strange behavior.
    b. "Smarting off" to the would-be robber.
    c. Keeping cash and other valuables where they can easily be seen.
    d. Discussing the layout of the financial institution lobby and vault area with anyone that is curious.
3. After witnessing a robbery, you should:
    a. Contact the newspaper and TV station and offer a personal interview.
    b. Clean up the area—throw away papers and move furniture.
    c. Complete a bandit description form.
    d. Discuss the robbery immediately with other employees to compare notes.

OBJECTIVE 7 **List the procedures to follow in case of fire, natural disaster, or power outage.**

OBJECTIVE 8 **List the procedures to follow in case of bomb threats or hostage situations.**

NOTICE In addition to the pretest items, the student will be required to demonstrate mastery of the following objectives.

OBJECTIVE 9 **Explain security measures in a financial institution.** Score ______

OBJECTIVE 10 **Explain how to deal with security events.** Score ______

INFORMATION SHEET | SECURITY VI

OBJECTIVE 1

Match the terms associated with security to their correct definitions.

- **Auditing**—Periodic or continuous verification of the institution's assets and liabilities, establishment and maintenance of effective controls, and preparation of reports for recommendations to the board of directors

  NOTE: The basic principle of auditing is the prevention of carelessness and misuse of both the customer's and financial institution's property, rather than discovery of irregularities after they have occurred.

- **Auditor**—Officer of financial institution in charge of all audit functions and responsible to the board of directors

  NOTE: This person's responsibilities may also be performed by representatives of an outside firm.

- **Bait money**—Strap of bills assigned to each teller to be given out in case of robbery

  NOTE: This strap is usually $20 denominations totalling $500. The strap has the teller's initials and date on it. To ensure that the money is checked, the strap is changed frequently. A list containing the denominations, serial numbers, city in which money was minted, and year of the money are filmed and/or given to the institution's security officer, auditor, head teller, and/or supervisor.

- **Confidentiality procedures**—Steps taken to make certain that information about a customer's account is never discussed or inadvertently disclosed to people that have no need to know the information

  NOTE: Employees can be fired and cause monetary loss for releasing information about a customer to unauthorized personnel!

- **Embezzlement**—Fraudulently taking money or goods from your employer for your own use

- **Rendezvous point**—Designated meeting place for all personnel

- **Security officer**—Person appointed by the president of the financial institution and approved by the board of directors to evaluate security procedures and to deal with the local law enforcement agencies to ensure the safety and security of the institution

OBJECTIVE 2

Describe procedures for entering the financial institution.

Every financial institution has certain precautions its employees must take before entering the building each morning. The actual procedures will vary slightly from institution to institution, but certain areas are basically the same.

- The first person entering the institution will check the entire premises to be sure no one has broken into the institution overnight. This person will check all rooms (including bathrooms), storage areas, and closets. Many times this person is a security guard who has been hired to make this inspection. Some financial institutions assign an employee to make the inspection.
- Once it has been determined that unauthorized personnel have not entered the institution, a "signal" is placed where arriving employees can see it and know it is safe to enter. This "signal" varies from institution to institution. Some might place a potted plant in a certain window. Others may raise or lower a window shade or open or close curtains. If this "signal" is not in place, the employee is NOT to enter the institution. Whatever the "signal" may be, it should NEVER be discussed with anyone outside the institution, including close family members.
- Always enter the financial institution using the correct door. Financial institutions always ask employees to use one particular entrance every morning. Never try to enter by another door. This requirement is a security precaution designed to help you as well as other employees stay safe. Financial institutions that hire a security guard to verify the safety of the institution each morning ordinarily station this guard at the designated entrance, and the security guard must identify you as authorized personnel before you may enter. If a security guard is stationed at the entrance, you may not have to look for the "signal".

As a new employee, you will be told to enter by a certain door. If a security guard is present, he/she will have been given your name and description. Don't be surprised if you are required to provide identification such as a driver's license. The security guard will soon recognize you and will let you in as easily as the other employees are allowed entrance.

NOTE: Remember entrance procedures vary with each financial institution. Be sure to listen closely when you are hired so you will know what to do your first day on the job.

OBJECTIVE 3

Match some basic types of security systems or measures to their descriptions.

- **Lighted vault**—This security system helps employees view all areas of the vault throughout the day.
- **Locked door/filing cabinet**—This security measure allows access to only authorized personnel.
- **Bait money**—Strapped money is given to robber. This money has the serial numbers carefully recorded.
- **Cash drawer limit**—Tellers may only keep a certain amount of money in their cash drawer at any time during the day. Any money over that amount must be sold to the vault. This decreases the amount of money which could be stolen during a robbery.
- **Vault cash limit**—Vault teller may only keep a certain amount of money in the vault at any time during the day. Any money over that amount must be transferred to a correspondent bank or a Federal Reserve Branch.
- **Security guard**—A guard patrolling the premises provides an extra feeling of safety to employees and customers and is immediately available if a crisis should arise.
- **Silent alarm**—The alarm is set off by a teller being robbed. This alarm is not heard in the financial institution. It is directly connected to the police station.
- **Surveillance camera**—Videotape camera is positioned on the wall or ceiling to view every entrance to the institution and positioned behind teller windows to view customers.
- **Bill trap**—Special clamp in the teller drawer sets off a silent alarm when the money is removed from it. A teller would set off the alarm when the bills are removed to give to the robber.
- **Foot alarm**—This silent alarm is located in the teller window on the floor close to where the teller usually stands. The teller triggers it with her/his foot if there is a robbery.

- **Desk alarm**—Alarm is located inside a desk and is activated if a lobby employee observes a robbery in progress.
- **Timer alarm**—Alarm is used primarily on vault doors. If someone tries to gain access at a time other than the time already set, the alarm goes off.
- **Dual combination lock**—This type of lock takes two employees with separate combinations to open it.
- **Key control**—The bank has a method of maintaining strict control with records of who has possession of keys to various doors, cabinets, etc.

OBJECTIVE 4

Describe how dual control, rotation of duties, and mandatory vacations prevent embezzlement by financial institution employees.

Dual control simply means that two employees will be involved in the completion of a transaction. Wherever possible, work is divided between two parties, and the person who originates an entry affecting the financial institution's books should not be the same person who posts or approves it. Not only does this protect a financial institution against embezzlement by an employee, it also acts as a double-check to verify completed work.

Rotation of duties among employees is another effective means of internal control. This allows employees to work in another department or in another area of their current department. This accomplishes three things. First of all, if another employee is assigned to work in a particular area, that employee may discover incorrect procedures or illegal actions completed by the employee doing the job first. Secondly, rotation of duties provides management with flexibility in filling vacancies caused by illness or vacations. Thirdly, it contributes to the overall training of employees by allowing them to see how each department interacts with other departments.

Mandatory vacations for all employees are required by every financial institution. Institutions require their employees to take two consecutive weeks of vacation each year. This is true for every level including management. An employee refusing to take a vacation may actually have something to hide which could be discovered when another employee takes his/her place during vacation. In the case of national financial institutions, the Comptroller of the Currency requires a special report each year that lists the names of officers who have not taken two consecutive weeks of vacation.

The above three methods of internal control have all been established to protect financial institutions from embezzlement. Potential employees are always carefully screened and investigated. This is done by contacting previous employers, completing credit checks, contacting former instructors or school officials, and doing personal reference checks. All employees of financial institutions must meet the requirements of the institution's insurers to qualify for a bond. This is the primary way the institution can protect itself from monetary loss by an employee.

OBJECTIVE 5 **List three ways auditors protect a financial institution from monetary loss.**

Every financial institution has an internal and/or external individual that completes internal auditing requirements. This person is hired by the board of directors of the financial institution and reports directly to the board of directors. The auditor must develop internal controls that will protect the financial institution against losses caused by robbery, fraud, embezzlement, management inefficiencies, negligence, and carelessness.

The auditor protects the financial institution from large robbery losses by establishing cash drawer limits, conducting surprise **cash counts**, and implementing teller cash-handling procedures. During surprise cash counts, an auditor goes to the teller window or vault unannounced, has the teller balance his/her drawer, and proceeds to officially verify the amount of cash the teller has. The auditor will be evaluating whether the teller has maintained the cash drawer and vault limit set by the financial institution, has adequately recorded the bait money and strapped it with a recent bill strap, and has maintained his/her cash drawer appropriately. All of these items protect the financial institution from a large cash loss if there should be a robbery.

Auditors also evaluate the other departments of the financial institution. The auditor will establish procedures for every department to follow in order to maintain the safety and security of employees as well as customers. These are important **internal controls** that can help a financial institution to operate in a more profitable manner. An auditor will watch for inefficiencies that might cause careless errors, all of which can be prevented with a little extra planning.

Auditors conduct **audits of employee accounts** to be sure that no unusual transactions occurred. The auditor does not care where you write checks, he/she is only looking for unusual, unexplainable, large cash deposits or other unusual transactions. This a standard, common procedure. Don't be alarmed if you hear the auditor is auditing your account. Everyone employed by a financial institution is audited on a periodic basis.

In summary, auditors have three basic ways of protecting the financial institution from monetary loss. They are conducting cash counts, establishing internal controls, and auditing employee accounts.

OBJECTIVE 6

Choose from a list those procedures an employee should follow before, during, and after a robbery. (Handcuts 1 through 4)

Every employee of a financial institution needs to be aware of procedures to follow before, during, and immediately after a robbery because every witness can play a major role in catching the robber. A bookkeeping clerk leaving for lunch may walk into the lobby just as a robber approaches a teller. The bookkeeping clerk may be able to get a better description of the robber because the clerk is not as emotionally involved in the hold-up. Therefore, there are certain procedures every employee can follow to prevent robberies and to apprehend the robber after the robbery. (Specific procedures for tellers to follow will be covered in the teller unit.)

DAILY PRECAUTIONS AGAINST A ROBBERY

- Be alert for suspicious persons loitering in or near the financial institution and report such persons to the security officer.
- Know what to look for during a robbery. Study the bandit description form used by the financial institution.
- Do not discuss with outsiders the amount of cash carried by tellers or any other details of cash handling. Never advise outsiders of the physical layout of private areas of the financial institution.

PROCEDURES DURING A ROBBERY

- DO NOT TRY TO BE A HERO!
- Try to be calm and observant at all times.
- Avoid any actions that might cause bandits to injure employees or customers. DON'T scream!
- Activate a silent alarm system if safety permits.
- Note the bandit's description, clothing, weapon, features, voice, mannerisms, and other characteristics.
- Do not become directly involved with the bandit if possible. If not, obey the bandit's instructions—don't rush unless ordered to do so.
- Observe the direction of the bandit's escape and description and license number of the escape automobile if one was used and if safety permits.

PROCEDURES AFTER A ROBBERY

- Alert the security officer or a senior officer. Give details on vehicle description and escape direction. The officer will notify law enforcement officers and secure the entire financial institution.
- Do not permit anyone to enter the area where the robbery occurred.
- Complete the bandit description form.
- Avoid discussing the holdup with anyone except the officer in charge or the police.
- Obtain the name and address of persons present at the time of the robbery if possible.
- Refer all news media inquiries to the institution's president or the institution's official spokesperson. NEVER discuss the robbery with members of the news media yourself.

OBJECTIVE 7 **List procedures to follow in case of fire, natural disaster, or power outage.**

Financial institutions must be prepared for the unexpected. Employees of financial institutions must never forget the high degree of confidentiality that must be maintained and the importance of safeguarding money in addition to all valuable papers. This must still be done even in the event of fire or natural disaster. Remember, you must take a few seconds to safeguard the items you are working with before evacuating your work station. In case of fire or natural disaster, keep the following procedures in mind.

FIRE OR NATURAL DISASTERS

- Be familiar with the layout of the financial institution. Know where the safest locations are. Be familiar with the location of fire extinguishers and fire-proof areas and those areas most likely to fuel a fire. Be familiar with the safest area in case of storms—probably the bank vault or a basement.
- Immediately upon notification of a fire or natural disaster, safeguard whatever you are working with—money or valuable papers. Take them with you to the vault if that is the area you are to go to in the event of a storm. If there is a fire, be sure to take them to a fire-proof area (probably the vault).
- Once valuables are safeguarded, follow the appropriate instructions to ensure your safety. If there's a fire, leave the building and meet other employees at the designated rendezvous point. If there is a natural disaster, seek shelter in the designated area for your department.

Each financial institution will have specific guidelines for you to follow. Be sure to read the security manual carefully so you will know what your institution expects you to do. Remember, it only takes seconds to safeguard valuables and in many cases the valuables will be going to the same place as you for safety.

POWER OUTAGES

In the event of a power outage, secure valuable items and wait for instruction from the institution's officers. Most customers will be asked to leave the building for their safety. The length of the outage will determine the proper steps to be taken.

OBJECTIVE 8

List procedures to follow in case of bomb threats or hostage situations.

We have already discussed several major areas of concern for security of a financial institution. There are a few more items you should be familiar with—bomb threats and hostage situations.

BOMB THREATS

Ordinarily, a person making a bomb threat will simply call the main number and place the threat with that individual. That means that the switchboard operator or the receptionist is the most likely person to receive the call. Occasionally, a threat will be placed with an officer of the institution. If you receive the threat you should:

- Make a special effort to continue the conversation with the caller. The telephone company may be able to trace the call. Signal another employee that you have received a bomb threat by using the signal designated by the institution. While the conversation is going on, the security officer or senior officer should call the police department.
- Stay calm; do not upset the caller. If you are working the switchboard, push the button necessary to turn off the buzzer system for incoming calls so you do not scare the caller away.
- Try to tape-record the conversation if a recorder is available.
- Ask and record the following if possible
    - Where is the bomb?
    - When is it set to go off?
    - Is it in the open?
    - Is it disguised?
    - What kind and size of bomb is it?
    - How was bomb brought into building?
    - Why was it put there?
    - Where are you calling from?
    - What is your name?
- Write down your name and the time the call was received
- Note the following information about the caller
    - Sex
    - Age
    - Race
    - Accent (is voice native to area?)
    - Speech impediment or peculiar voice characteristics (drunk, etc.)
    - Attitude of caller (calm? excited? etc.)
    - Background noises? (traffic, people talking, etc.)
- Notify the security officer immediately after the call has been completed if he/she has not already been notified.

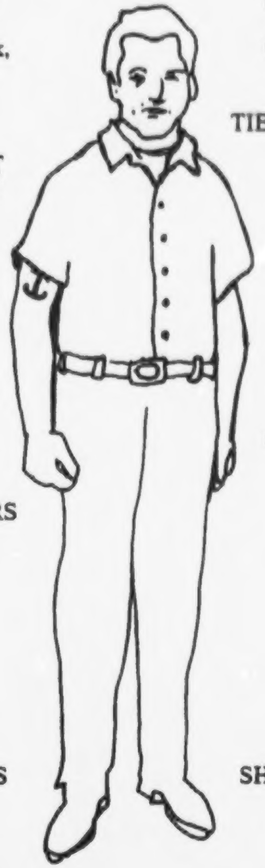
The security officer in collaboration with the police will make a decision on appointing a team to search the building. If it becomes necessary for the safety of employees as well as customers, the financial institution will be evacuated. As in the case of fire or natural disaster, valuable items must be secured before the employees leave the building. All information released to the news media is handled by designated personnel only. Do not return to the building until an all-clear signal is given by the police and the security officer.

HOSTAGE SITUATIONS (Handout 5)

If you should receive a phone call informing you that an officer, employee, or family member is being held hostage and a ransom is demanded for their safe return, the following procedures should be employed. Implement the first of three steps given for a bomb threat and then make notes of the following:

- Age and sex of caller
- Accent or special voice characteristics
- Exact time of call
- Exact words of caller
- Background noises
- Attitude of caller
- Origin of call

Be sure to indicate your willingness to cooperate. Request proof of the fact that the caller is holding the person hostage. Ask to speak with the person to determine their well-being. Be sure to clarify any instructions received. If possible, try to verify the threat by calling the would-be hostage. Immediately following the call, notify the security officer and she/he will contact the Federal Bureau of Investigation and the local law enforcement agency. Once again, DO NOT speak to members of the news media.


HAT (color, style, condition)
EYES (close or far set, color, small or large)
NOSE (small or large, close to head or extended)
COMPLEXION (light, dark, ruddy, pale, etc.)
HAIR (color, thick, thin, straight, curly, hair part, style of combing, wig)
EARS (small or large, close to head or extended)
CHIN (square, broad, long, narrow)
TIE OR SCARF
SHIRT COAT OR JACKET
GLOVES
TROUSERS
SOCKS
SHOES
ROBBER'S SEX
AGE
HEIGHT
WEIGHT

PHYSICAL CHARACTERISTICS (describe whether slight or heavy build, scars, marks, manner of walking, tattoos, mustache, nervous, calm etc.)

WHAT DID THE ROBBER LOOK LIKE?

That's one of the first things the police will want to know if you should ever be held up.

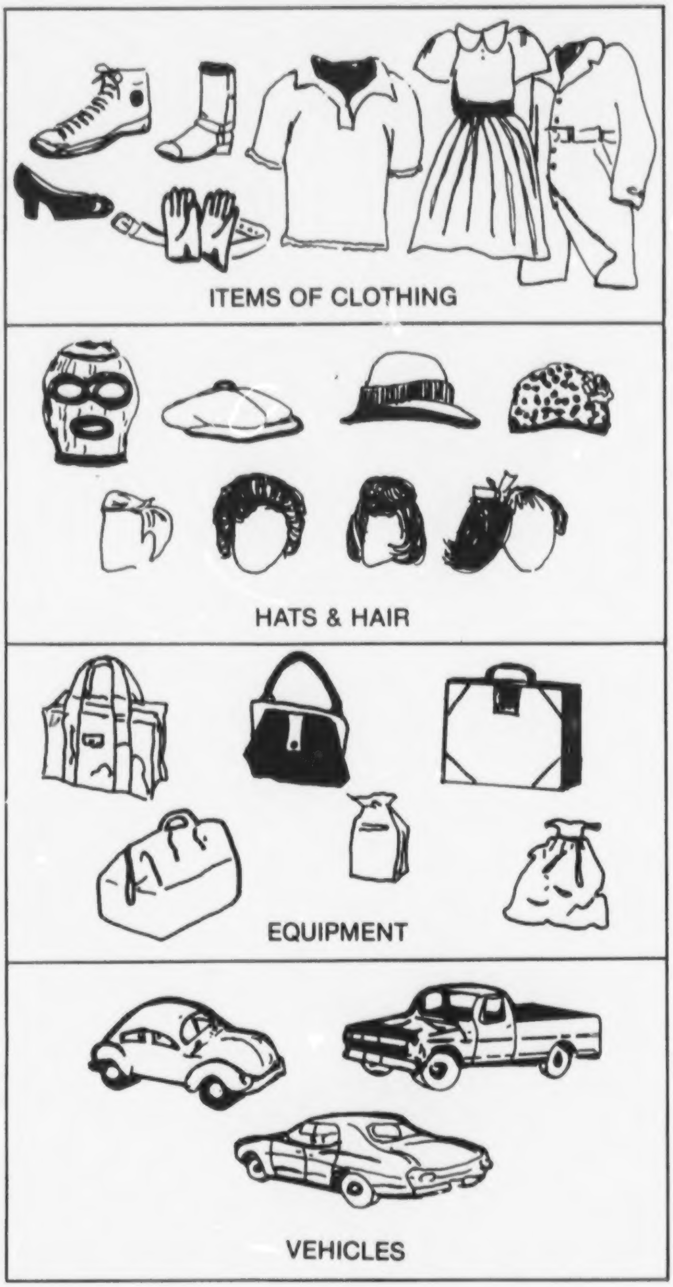
Difficult as it may be, it is important that you remain as calm as you can during a robbery. You will then be better able to observe the person or persons involved more thoroughly and provide a more complete description. Besides, it is a protective device for you. The calmer you are, the less change there is for the robber to become excited and dangerous.

In getting a description, be systematic. Look from head to foot, examining and mentally noting as many details about the robber as you can. As for height, weight, and age, compare him or her with yourself or someone you know to determine if the robber was small, heavier, older, etc.

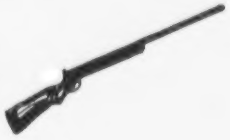
Don't trust your memory too long; it can deceive you. As soon as you give the alarm to the police, jot down the information about the robber that you can. Be sure to include everything. Every detail, no matter how small it may seem, is important.

ITEMS TO IDENTIFY

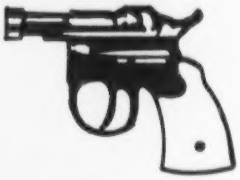
Items Which Most Closely Describe Those Used On Or Worn By Robber(s)


ITEMS OF CLOTHING
HATS & HAIR
EQUIPMENT
VEHICLES

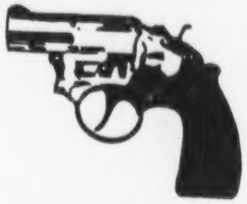
BEST COPY AVAILABLE



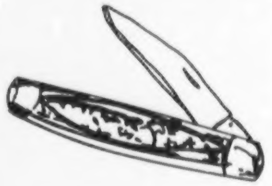
RIFLE



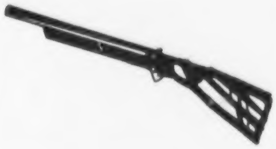
SATURDAY NIGHT SPECIAL



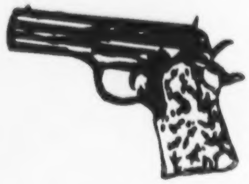
SNUB NOSE



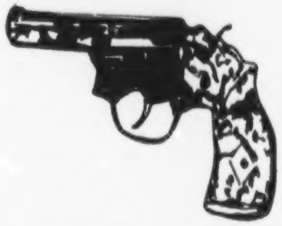
SWITCH-BLADE OR POCKET KNIFE



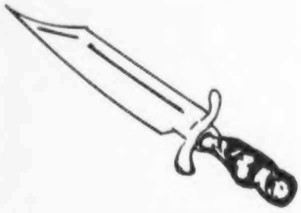
SAWED-OFF SHOTGUN



AUTOMATIC PISTOL



REVOLVER



BOWIE KNIFE

Weapons

ROBBERY DESCRIPTION SHEET

Physical Description

Do not omit any detail no matter how insignificant it may seem. On the other hand if certain data have not been observed, leave those spaces blank. Do not guess. The objective is a physical description of value—as complete as possible—but accurate.

COLOR________SEX____NATIONALITY __________

AGE____HEIGHT____WEIGHT____BUILD ________ (thin, stocky, etc.)

COMPLEXION__________ (light, dark, ruddy, etc.) HAIR________ (color, wavey how combed) EYES _______ (color, small, large, etc.)

NOSE__________________ (large, small, broad, pug, etc.) EARS______________ (prominent, small, etc.)

GLASSES__________ (describe frame) MUSTACHE OR BEARD ________ (color, shape, etc.)

MASK OR FALSE FACE ____________________ (type, color, etc.)

SCARS OR MARKS ________________________ (tatoos, birthmarks, facial blemishes, etc)

DISTINGUISHING CHARACTERISTICS __________ (How would you pick this person out of a crowd?)

Miscellaneous

WEAPON EXHIBITED________ (revolver, automatic, knife, rifle, shotgun, caliber, etc.) ANY NAMES USED ______

WHAT DID THE ROBBER SAY? ____________________

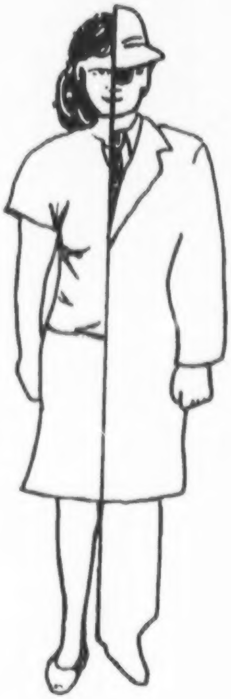
SPEECH______________MANNERISIMS____________

(walk or carriage, nervous habit, etc.)

DESCRIBE THE ROBBER'S ACTIONS & WHAT WAS TOUCHED ____________________

Promptly fill out this form as accurately and as completely as possible and give it to the security officer.

Clothing



(Describe color, type of material, style, etc.)

HAT ____________________

OVERCOAT ________________

RAINCOAT ________________

JACKET __________________

SUIT ____________________

TROUSERS/SKIRT ____________

SHIRT ___________________

TIE/SCARF ________________

SHOES ___________________

OTHER CLOTHING ____________

394

THE ESCAPE

Means of escape ____________________
(On Foot, Auto)

Direction taken ____________________

Motor Vehicle

License No. ____________________ Other ____________________
(Lic. No., State, Color)

Make ____________________ Color ____________________
(Black, Two-Tone, Ivory Over Blue, etc)

Year ____________________ Model ____________________
(2 Door, Convertible, etc.)

Number, color and sex of passengers ____________________

Special features ____________________
(Markings or Damage)

____

Remarks ____________________

____

____

____

List Names of Persons Present at Time of Robbery

NAME	ADDRESS	TELEPHONE

Prepared by ____________________

Position or address ____________________

Date and time of incidnet ____________________

395

Kidnap/Hostage Caller Questionnaire

TIME OF THE CALL________________DATE ________

TO ______________________________________

- REMAIN AS CALM AS POSSIBLE
- DO NOT UPSET THE CALLER
- INDICATE YOUR WILLINGNESS TO COOPERATE
- NOTIFY ANOTHER OFFICER IF POSSIBLE
- ASK THESE QUESTIONS:
  - — Who is this?
  - — Where are you calling from?
  - — Is this a prank?
  - — How do I know it is not a prank?
  - — May I talk to my wife (husband, Supervisor, employee) so I can be sure?
  - — Is she (he) all right?
  - — What is she (he) wearing?
  - — What do you want?
  - — How do you want the money?
  - — Where should the money be delivered?
  - — How will I recognize the person to whom I am to give the money?
  - — Exactly where and when must the money be delivered?
- TRY TO ARRANGE A SIMULTANEOUS EXCHANGE

ASSIGNMENT SHEET 1 | **SECURITY** | **VI**

NAME ______________________ SCORE ________

OBJECTIVE 9 **Explain security measures in a financial institution.**

INTRODUCTION The first five objectives in this unit deal with areas over which a bank has direct control. The questions on this assignment sheet emphasize these areas.

DIRECTIONS Complete the following statements:

1. The first person entering the financial institution should check which rooms? ______________________

2. What is a "signal" used for each morning? ______________

   ____

3. There are five different types of alarms available for financial institutions to use. List them.

   ____

   ____

   ____

   ____

4. Allowing a teller to have no more than $10,000 in his/her cash drawer at one time is an example of ______________ .

5. List three methods of internal control used by financial institutions and describe each method.

   ____

   ____

   ____

   ____

6. List three ways auditors protect a financial institution from monetary loss and describe each method.

ASSIGNMENT SHEET 2

SECURITY

VI

NAME ______________________________ SCORE ________

OBJECTIVE 10

Explain how to deal with unexpected security events.

INTRODUCTION

Objectives 6 through 8 of this unit deal with events that a financial institution has to deal with on an unexpected, unannounced basis. The questions on this assignment sheet emphasize these areas.

DIRECTIONS

Explain what you would do in each of the following situations.

1. You have worked in the new accounts department for only three weeks when you look up and see a robber at one of the teller windows several feet away. He has not caused a commotion and apparently only you and the teller have seen him. What will you do?

2. You are working a teller window when the storm sirens begin to blow outside. What will you do?

3. You are the switchboard operator at a large financial institution in a big city. You have a woman on the phone saying that she has placed a bomb inside your institution and it will go off later today. What will you do?

400

ASSIGNMENT SHEET 1

1. Every room in the institution including storage areas, bathrooms, and closets
2. A "signal" is a way of letting other employees know that the financial institution has been searched and is safe to enter.
3. Silent alarms, bill traps, foot alarms, desk alarms, and timer alarms
4. Cash drawer limits
5. Dual control means that two employees will be involved with the completion of a transaction. Rotation of duties allows employees to work in another department for a few days to several weeks. Mandatory vacations means that all employees are required to take vacations each year. Ordinarily, these vacations must last for two weeks.
6. A cash count allows an auditor to verify cash-on-hand, determine if the teller has maintained the cash drawer limit, check the strap on the bait money, and evaluate the teller's ability to maintain the cash drawer appropriately. Establishing internal controls enables the auditor to reduce the amount of careless errors, inefficiencies, and negligence that could occur. Auditing employee accounts helps to ensure that no employee is embezzling the institution's money.

ASSIGNMENT SHEET 2

1. Remain calm and observant. Avoid actions that might alarm the bandit. Activate the silent alarm. Carefully note the bandit's description. Observe the direction of the bandit's escape and the description and license number of the escape automobile. Alert the security officer or another senior officer. Do not allow anyone to enter the area where the robbery occurred. Complete the bandit description form. Don't discuss the hold-up with anyone except the officer in charge or the police. Obtain the names and addresses of anyone else that observed the bandit.
2. Safeguard the cash drawer. If the vault is the storm shelter, simply take the cash drawer and other valuables to the vault as you proceed there. If you are not to take shelter in the vault, walk by the vault and leave the cash drawer and other valuables there as you proceed to the basement.

3. Make an effort to continue the conversation with the caller. Signal another employee to notify the security officer so the call can be traced. Tape-record the conversation if possible. Record the following information: location of bomb, when it will go off, what kind of bomb it is, why the bomb was put there, how it was brought into the building, where the caller is calling from, time call was received, the sex of the caller, the age of the caller, what race you believe the caller to be, any accent or speech impediment or peculiar voice characteristics, the attitude of caller, and background noises.

WRITTEN TEST

SECURITY

VI

NAME ______________________ SCORE ________

OBJECTIVE 1

Match the terms associated with security to their correct definitions.

___1. Never discussing customer accounts inappropriately

___2. Maintenance of internal controls

___3. Person designated to evaluate security

___4. Officer in charge of audit functions

___5. Designated meeting place

___6. Fraudulently taking money for own use

___7. Strap of bills to be given out during a robbery

a. Auditing

b. Auditor

c. Cash drawer limit

d. Bait money

e. Surveillance camera

f. Confidentiality procedures

g. Embezzlement

h. Rendezvous point

i. Vault cash limit

j. Security officer

OBJECTIVE 2

Describe three basic procedures for entering the financial institution.

____

____

____

____

____

____

____

____

____

____

____

____

OBJECTIVE 3

Match the security systems or measures on the right with their correct description. Write the letter in the blank provided.

___ 1. Alarm located inside a desk drawer
___ 2. Alarm not heard inside institution
___ 3. Video tape camera viewing each
___ 4. Improves visibility of vault area entrance
___ 5. Strapped money given to robber
___ 6. Decreases amount of money which could be stolen during a robbery
___ 7. Used primarily on vault doors
___ 8. Teller triggers it with his/her foot
___ 9. Provides safety to employees and customers
___ 10. Special clamp that sets off a silent alarm when the money is removed from it
___ 11. Allows access to only authorized personnel
___ 12. Type of lock which takes two employees to open it
___ 13. Method of maintaining strict control of who has access to various doors, cabinets, etc.
___ 14. Restricts the amount of money kept in the vault at any time during the day

a. Lighted vault
b. Drawer alarm
c. Locked door/filing cabinet
d. Key control
e. Bait money
f. Cash drawer limit
g. Dual combination lock
h. Security guard
i. Foot trigger
j. Silent alarm
k. Money clamp
l. Surveillance camera
m. Vault cash limit
n. Bill trap
o. Foot alarm
p. Desk alarm
q. Minimum deposit
r. Time alarm

OBJECTIVE 4 Describe how dual control, rotation of duties and mandatory vacations prevent embezzlement by financial institution employees.

OBJECTIVE 5 List three ways auditors protect the financial institution from monetary loss.

OBJECTIVE 6

Choose those procedures you should follow before, during, and after a robbery. Place an "X" in the blanks of those procedures

___ 1. Be observant.

___ 2. Be familiar with information required to get a good description.

___ 3. Activate a silent alarm if safety permits.

___ 4. Tackle the bandit.

___ 5. Give accurate personal interviews to members of the news media.

___ 6. Observe the direction of the bandit's escape and get a description of the get-away vehicle.

___ 7. Alert the security officer or other high official after the robbery.

___ 8. Contact the police department.

___ 9. Do not permit anyone to enter the area where the robbery occurred.

__ 10. Obtain the names and addresses of witnesses.

OBJECTIVE 7

List the procedures to follow in case of fire, natural disaster, or power outage.

OBJECTIVE 8 **List procedures to follow in case of bomb threats or hostage situations.**

Bomb threats— ____________________

Hostage situations— ____________________

NOTICE The following assignment sheets are not a part of the written test. If these activities have not been completed, check with your instructor.

OBJECTIVE 9 **Explain security measures in a financial institution.** SCORE ____

OBJECTIVE 10 **Explain how to deal with unexpected security events.** SCORE ____

WRITTEN TEST ANSWERS

SECURITY

VI

OBJECTIVE 1

1. f
2. a
3. j
4. b
5. h
6. g
7. d

OBJECTIVE 2

Description should include

1. The first person entering the institution will check the entire premises to be sure no one has broken into the institution. This person will check all rooms (including bathrooms), storage areas, and closets. Many times this person is a security guard who has been hired to make this inspection. Some financial institutions assign an employee to make the inspection.

2. Once it has been determined that unauthorized personnel have not entered the institution, a "signal" is placed where arriving employees can see it and know it is safe to enter. This "signal" varies from institution to institution. Some might place a potted plant in a certain window. Others may raise or lower a window shade or open or close curtains. If this "signal" is not in place, the employee is NOT to enter the institution. Whatever the "signal" may be, it should NEVER be discussed with anyone outside the institution, including close family members.

3. Always enter the financial institution using the correct door. Financial institutions always ask employees to use one particular entrance every morning. Never try to enter by another door. This requirement is a security precaution designed to help you as well as other employees stay safe. Financial institutions that hire a security guard to verify the safety of the institution each morning ordinarily station this guard at the designated entrance, and the security guard must identify you as authorized personnel before you may enter. If a security guard is stationed at the entrance, you may not have to look for the "signal".

OBJECTIVE 3

1. p
2. j
3. l
4. a
5. e
6. f
7. r
8. o
9. h
10. n
11. c
12. g
13. d
14. m

OBJECTIVE 4

Description should include

Dual control, rotation of duties, and mandatory vacations all require one employee to work with another or to complete another employee's work. (The answer may also include a brief description of dual control, rotation of duties, and mandatory vacations.)

OBJECTIVE 5

- Conducting cash counts
- Establishing internal controls
- Auditing employee accounts

OBJECTIVE 6

1, 2, 3, 6, 7, 9, 10

OBJECTIVE 7

- Be familiar with the layout of the financial institution.
- Safeguard valuables immediately upon notification of a fire or natural disaster.
- Follow instructions to ensure your safety. (If there is a fire, leave the building and meet at the designated rendezvous point. If there is a natural disaster, seek shelter in the designated area for your department.) If there is a power outage, secure items and wait for instructions from the institution's officers.

OBJECTIVE 8

Bomb threat

- Keep the caller on the phone.
- Stay calm.
- Try to tape-record the conversation.
- Ask and record the following information.
    - — Where is the bomb?
    - — When is it set to go off?
    - — Is it in the open?
    - — Is it disguised?
    - — What kind and size of bomb is it?
    - — How was the bomb brought into the building?
    - — Why was it put there?
    - — Where are you calling from?
    - — What is your name?
- Record the name of the person receiving the call and when it was received.
- Note the caller's approximate age, sex, race, accent, attitude, whether there is a speech impediment or peculiar voice characteristics, and any background noises.
- Notify security officer immediately after the call has been completed.

Hostage situation—Follow the basic steps for a bomb threat and note

- — Exact words of caller
- — Exact time of call
- — Attitude of caller—calm? excited?
- — Origin of call

OBJECTIVE 9

Refer to answers to Assignment Sheet 1.

OBJECTIVE 10

Refer to answers to Assignment Sheet 2.